FINANCIAL TIMES

No. 26,810 Monday November 3 1975 ** 10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Ptas.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

NEWS SUMMARY

GENERAL

Experts probe Ekofisk blast

Damage at the Phillips Alpha production platform in the North Sea Ekofisk oil field, scene of Saturday's explosion and fire, which killed three men and injured three, is less severe than at first thought. Stavanger engineers have carried out a *preliminary investigation* and more experts are expected to fly out this week to ascertain the cause.

Supplies from the field have been cut from 300,000 barrels a day, but it is hoped to step up production from the other two *platforms to about 250,000 b/d.* British Petroleum's production system from the Forties field to its Grangemouth refinery and *export terminal is to be* inaugurated to-day by the Queen. **Back Page**

Pasolini murder youth charged

Italian film director Pier Paolo Pasolini was found battered to death at the beach resort of Ostia some 20 miles from Rome. He had been hit over the head with a blunt object and then ran over by his own car. A 17-year-old baker's assistant, who admitted stealing the car, was later charged with murder. Police said a ring believed to belong to the youth had been found near Pasolini's body.

Ulster police station hit

Armagh police station in Northern Ireland was badly damaged by a 200-300 lb bomb delivered by a driver at gunpoint, who shouted a warning. The driver's car had earlier been [illegible] and his friend was being held by gunmen. Meanwhile the Herrema siege appeared to be in deep stalemate.

Brighton Pavilion bomb attack

A petrol bomb destroyed part of Brighton's Royal Pavilion, causing extensive damage in the music room. Repair costs have been estimated at £100,000. A man will appear in court to-day, charged in connection with the fire. Police said there appeared to be no political motive behind the attack.

Lost and found

Thieves using mountain-climbing equipment scaled the steep facade of the 13th century Cologne Cathedral and stole gold and silver relics and jewellery worth several million D-marks. Italian police recovered 15 modern paintings worth about L800m. (£0.57m.) stolen from a Milan gallery last May.

Colonial defence

Hong Kong agreed to heavy cuts in the size and cost of the British garrison after a week-long visit by Mr. William Rodgers, Defence Minister of State. But a big gap remains between the two Governments on cost-sharing over the projected annual bill of HK$450m. (£42.5m.).

Nose tip clue

A burglar who broke into a South Harrow, London, gift shop by smashing a plate glass window, left a macabre clue—the tip of a human nose. A £5 lighter was stolen.

Briefly . . .

Finchley Conservative Association treasurer Mr. Michael Stern, 33, who played an active part in Mrs. Thatcher's election campaign, has been selected as prospective Tory candidate for Derby South.

GB II is slightly increasing her lead over Kriter II in the FT *Clipper Race, but reports that* she is "a little disappointed at her slow progress."

Sheffield £50,000 Premium Bond prize-winner holds No. 18ZN 309987.

Fred Streeter, doyen of gardening *broadcasters, died on Satur*day, aged 98.

Students' national leaders called for the abolition of the means test which controls their grants.

BUSINESS

Two-figure inflation is still expected

● **FEW COMPANIES** expect to see inflation coming down to *single figures in the next 12* months, to-day's FT survey of business opinion shows. This is because most companies believe *that £6 will* be regarded as both a maximum and a minimum pay increase. **Back Page and Details, Page 29.**

● **DETERIORATING CONFIDENCE** in future prospects and a growing feeling that people *are now* worse off than a year ago are reflected in the latest FT monthly survey of consumer confidence. The gloom was particularly marked among professional and managerial people. **Page 30**

● **PRE-TAX PROFITS** of companies reporting last month continued to decline, although at a more modest rate than in recent *months.* **Page 5**

● **U.K. PROCESS PLANT** industry looks like losing export business *worth* up to £2bn. this year because it has been unable to control the effects of inflation on contract prices. The figure *has been calculated* by contractors and manufacturers to support their claim for a more effective cost escalation insurance scheme *from the Govern*ment. **Page 4**

Chrysler talks this week

● **CLARIFICATION** of Chrysler Corporation's intentions for its loss-making U.K. subsidiary is the major item on the agenda for talks expected to [illegible] week between the Government and Chrysler executives. **Back Page**

● **U.S. ECONOMIC** recovery will be damaged and unemployment *will rise nationally if New York* City is allowed to default, according to a week-end report from the Congress joint economic *committee.* **Page 6**

● **U.S.** is hoping to sell Egypt two 600-MW nuclear reactors. The agreement could be the highlight of President Sadat's ten-day visit. **Back Page**

LABOUR

● **BRITISH STEEL CORPORATION** is to ask a public inquiry this week to guarantee the future of £500m. of new technology threatened by a labour dispute with blastfurnacemen. **Page 8**

● **REDIFFUSION** is to put nearly 1,000 workers at three North-East factories on a four-day week from next Monday. The company blames a decline in the electrical industry for the cuts at its Billingham, Sedgefield, and Bishop Auckland plants. Union leaders had been asked to choose between short-time working for all hourly-paid workers or redundancies. **Page 28**

HOUSING

● **THE NUMBER** of home improvement grants now being approved is nearly 70 per cent. below the record levels of 1973. The National Home Improvement Council has expressed its concern at the "appalling slump" in a letter to Mr. Reg Freeson, Minister for Housing and Construction. **Page 5**

COMPANIES

● **EQUITY SHAREHOLDING** is "outmoded and divisive," says Sir Bernard Miller, former chairman of the John Lewis Partnership. He proposes that company ownership should be vested in the whole workforce under a trust. **Page 2**

● ***FMC*** shareholders *will* vote at to-day's annual meeting on the NFU Development Trust proposals to remove the chairman and three non-executive directors. **Page 24**

● **FINMECCANICA**, the Italian engineering, aerospace, nuclear power and machine too group, reports a loss of L80bn. (£57m.) for the year to June 30, double the previous deficit.

FEATURES

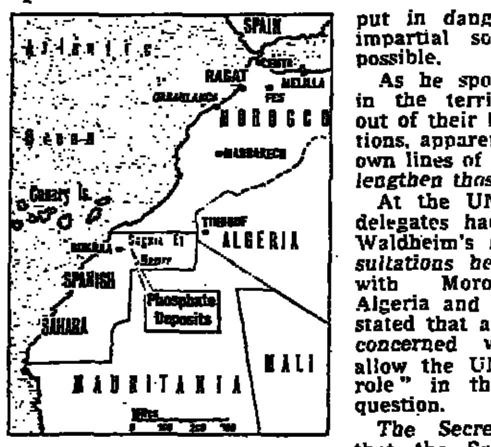
ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

Juan Carlos says Spain will repel Sahara invaders

BY JAMES BUXTON

The crisis over the Spanish Sahara worsened yesterday as Spain announced that it would repel a Moroccan invasion of the territory with force, if necessary. *The Spanish acting head of State, Prince Juan Carlos,* backed this apparent volte face with a flying visit to El Aaiun, the capital of the territory, to rally the Spanish forces there.



In Morocco the last of the 350,000 people who should participate in the "peaceful march" into the territory were arriving at the border area and King Hassan of Morocco moved to Agadir in order to be on hand for the march, which is still *scheduled to take place on Tues*day, Wednesday or Thursday this week.

Spain made its warning to Morocco at a meeting of the UN Security Council which unanimously adopted a resolution urging all concerned in the crisis *to "avoid any unilateral or other* action which might further escalate the tension." Secretary-General Kurt Waldheim emphasised *that he considered* the situation "extremely grave."

Court ruling

The crisis was precipitated more than a fortnight ago when the *International Court of* Justice at the Hague ruled that although Morocco and Mauretania had both had links with the peoples *of Spanish Sahara* before Spain colonised it, neither country could claim sovereignty over it. King Hassan of Morocco immediately responded by organising an unarmed march of 350,000 civilians to "recover" the territory.

Until late last week it appeared almost certain that Spain, its morale weakened by the uncertainty over General Franco, would agree to let Morocco and Mauretania divide the territory between them, while obtaining good compensation for its investment in the territory's phosphate reserves, believed to be the world's largest. It appeared to be ready to withdraw its troops and to ignore UN calls for self-*determination by the territory's* 75,000 people — many of them nomads.

But now Prince Juan Carlos, *only three days after taking over* as acting head of State, has thrown himself into the most potentially explosive issue facing Spain. *Wearing the uniform of* a General, he flew in an executive jet with fighter escort to El Aaiun yesterday with the Army *Minister, General Coloma* Gallegos. He held a conference with General Vallespin, Chief of the General Staff, who had arrived *in the colony shortly* before.

The Prince told Spanish Foreign Legion troops that "everything will be done to maintain intact the honour and dignity of the army." He also added that the Government would fulfil its commitments and try to maintain the peace, saying that no human life should be put in danger when just and impartial solutions were still possible.

As he spoke, Spanish troops in the territory were pulling out of their less defensible positions, apparently to reduce their own lines of communication and *lengthen those of the Moroccans.*

At the UN Security Council delegates had before them Dr. Waldheim's *report on the con*sultations he has already held with Morocco, Mauretania, Algeria and Spain. The report stated that all the Governments *concerned were prepared to* allow the UN an "appropriate role" in the solution of the question.

The Secretary-General said that the Spanish Government was willing to have the UN set up a temporary administration *in the Spanish Sahara until the* population decided its own future. He also said that Algeria, which rejects Morocco's *and Mauretania's claims to the* territory, had warned of serious repercussions if the planned march was carried out.

Consultations

The Security Council requested Dr. Waldheim to "continue and intensify his consultations with the parties" and to report back *to the council as soon as pos*sible on the results. The Spanish delegate Dr. Arias Salgado said *that the sine qua non of a peace*ful *solution of the crisis was the* halting of the march. If it pro-

Continued on Back Page

Spanish parties' freedom call, Page 6

Editorial comment Page 14

Junior doctors agree on ballot

BY CHRISTIAN TYLER, LABOUR STAFF

JUNIOR DOCTORS' representatives *yesterday successfully* ended a 20-hour struggle to find a form of words for a national ballot that they hope will appease the militants in the hospitals and allow their leaders to accept the Government's latest solution to the overtime pay dispute.

Ballot papers go out by the end of the week to 19,000 doctors, including about 8,000 taking industrial action against the Government's pay policy.

The papers will allow them to take official industrial action if they decide to reject the latest compromise worked out by their negotiators on Friday night. Details of the ballot were not released yesterday. The doctors' committee would not say if total strike was one of the options.

A British Medical Association spokesman said it could be only a "last resort."

As the militant Junior Hospital Doctors' Association rejected the solution on behalf of its 5,000 members, and accused the BMA of selling out to the Government, Mr. Norman Fowler, "shadow" Health Minister, said the Secretary of State must bear "massive personal responsibility" for the NHS unrest.

New sanctions

The time was coming when the Prime Minister should take Mrs. Castle "quietly to one side" and tell her: "Change your style—or go."

In the North-West, worst hit of the regions, junior doctors will step up sanctions this week. A spokesman for the regional committee said they would work only 40 hours a week in the 50 hospitals.

As things stand, the ballot could yield a majority in favour of peace as the less militant doctors realise that the Government will go no further for fear of breaking its pay policy wide open.

But the poor initial reaction to the deal, which delays the introduction of new contracts—and thus better overtime pay—for most doctors, has further undermined the authority of the juniors' negotiators and the prestige of the British Medical Association.

If the negotiators are told to go back to Mrs. Castle it will be the second time in a few weeks that doctors' leaders have had to bow to the militants at the grass roots and reverse their initial consent to a deal.

● Junior doctors at Barnsley, Yorks., have tightened their industrial action because of a remark by a health administrator, quoted in the local paper, that the doctors were "playing silly asses." They have demanded an apology.

Editorial comment Page 14

Amex gives tour price pledge

BY ARTHUR SANDLES MIAMI BEACH, Nov. 2.

AMERICAN EXPRESS, the U.S. banking and travel giant, has *joined in the "guarantees war"* raging in the British package tour business. In a substantial expansion of its tour operating *activities in the U.K., headed by* Mr. Leonard Koven, former deputy head of Horizon Holidays, AMEX is pledging no currency surcharges on its tours *for next year regardless of what happens* to the pound.

AMEX, which is also placing a *£5 limit on aviation fuel sur*charges, is thus throwing its appreciable weight into a battle which has already alarmed many *in the industry.*

In doing this, American Express has gone much further than its rivals in underwriting *the British exchange rates.* It has leap-frogged Thomson, Cosmos and British Airways, all of whom have recently unveiled *their 1976 guarantee policy. Only* a few months ago, Cosmos, now one of those in the war, was arguing that such guarantees *were "commercial suicide."*

Most guarantees in the industry now give an eight-week pledge on prices, as a result of *consumer reaction against* last-minute surcharging this summer. Even the Office of Fair Trading and the Civil Aviation Authority *have been saying that four weeks* is a reasonable time. Beyond that, operators are thought to be seriously exposed to major changes in exchange rates.

This latest move by American Express was announced at a dinner here in Miami Beach for several hundred travel agents attending the Association of *British Travel Agents'* convention. They were part of a 2,000-strong gathering which is small by Miami standards, but still the largest overseas *meeting* the resort has ever seen. Unfortunately for the glamorous image of the area, the agents arrived in the midst of a howling gale.

The agents will spend the next week more than 4,000 miles from home debating how they are going to keep their industry healthy amidst surrounding economic difficulties. In fact, travel has remained remarkably buoyant over the past 12 months although there are signs of a slight downturn at the moment.

Agents here, facing the problem of a two-dollar pound, are seeing some of the reasons why.

Burning issues here, when the conference really gets down to business to-morrow are likely to *be the commission rates received* by retail agents from tour operators airlines and shipping companies, and the explosion in *back street discounting of airline* tickets. Measures to tighten up the regulations on airline tickets are likely to be discussed but *there is little chance that the* basic problem—too many seats chasing too few passengers—will be changed.

Summons on MP threatens Labour majority

BY JOHN BOURNE, LOBBY EDITOR

THE SHADOW of the Government losing in the next session its automatic majority of one in the membership of Commons Standing Committees on legislation has appeared again with the serving of a summons on Mr. John Ryman, Labour MP for Blyth, relating to alleged corrupt practice in the declaration of election expenses in the October 1974 General Election.

If the charges are substantiated, he would be prohibited from sitting as an MP, although this would not occur until all questions of appeal were resolved by the courts.

A by-election would then have to be held—as one would also be if Mr. John Stonehouse, Labour MP for Walsall North, were found guilty of the criminal charges he is now facing. In the meantime, the Government would lose its majority of one over all other parties in the Commons.

The loss of one, or even two, seats would not endanger the Government's survival on the floor of the Commons because of the Conservative Opposition's difficulty in getting all the minority parties to vote with it on specific issues. But the Government would be in immediate trouble in the Standing Committees which [illegible] the lengthy discussions on amendments to Bills.

The present majority of one ensures that the Government always has control of these committees. But if it loses its Commons majority, it would lose command of the committees.

The summons against Mr. Ryman—a similar one has been served on his election agent, Mr. Peter Jordan Mortakis—are returnable before Blyth magistrates on December 2.

Mr. Ryman, who is a 45-year-old barrister, was the official Labour candidate at the last General Election at which he defeated Mr. Eddie Milne, the Labour Independent, who had represented the division for 14 years. Mr. Ryman's majority was only 78 votes after a recount.

Petrol increase likely to be held at 3½p a gallon

BY RAY DAFTER

THE LATEST batch of price rise submissions being presented by major oil companies is even more heavily weighted in favour of the motorist than was recently anticipated.

The submissions to the Price Commission—some went *in last* week, others are coming this week—suggest a 2½p to 3½p per gallon increase on petrol wholesale rates.

Faced with a big drop in petrol sales, companies want to keep price increases in this sector to a minimum. As a result, commercial and agricultural interests which use gas oil, kerosene and fuel oil for heating and transport are likely to bear the brunt of this new round of increases.

To some extent, the oil companies are trying to redress what they see as an imbalance in the pricing structure which has occurred over the past year or so.

The previous increases in February and December last year hit the motorists the hardest, largely because of Government pressure and partly against oil industry wishes.

It was feared that the high petrol prices could spark a further decline in sales and lead to a price-cutting war, and this indeed is what has happened.

Such an increase would result in a 3p to 4p rise in the pump price, allowing for value added tax and minor adjustments to retail margins. This would lead to a pump price of 76p to 77p per gallon for four star petrol in the London area, for example

It seems that major companies like BP, Shell and Esso are seeking an across-the-board rise in the region of 4.75p per gallon on gas oil and kerosene. They would be increased from the present 23p to 24p per gallon by another 6p or 7p, and fuel oil from the existing 22p to 23p by a further 4p or 5p.

Depressed

The rises, which, if approved, could take effect just before Christmas, *follow the latest 10* per cent. OPEC oil price increase. They also reflect higher operating costs and the *fall in the value of the pound* against the dollar since last year.

It is clear that the depressed state of the petrol market, which *has resulted in a major price* cutting and promotional war in some parts of the U.K., is causing the oil companies a great deal of concern.

Latest industry figures indicate that petrol retail sales are likely to fall by 4 per cent. this year rather than the 2 per cent. forecast by many in the industry a few months ago. The drop, which follows the 2.4 per cent. fall last year, contrasts sharply with the 5 per cent. to 7 per cent. growth rates of previous years.

There are indications, however, that the peak of the price cutting activity may be over as major oil groups, reluctantly dragged into the battle, withdrew their temporary discounts to dealers. BP, which to-day submits its own price application, withdrew its discount arrangement last Friday.

A BP marketing spokesman said yesterday that the discount *had been introduced in Septem*ber to help dealers in areas particularly hard hit by excessive price cutting. BP had allowed a discount of up to 2½p per gallon provided the retailer cut his own margin by at least an equal amount.

The relatively small petrol price rise planned by the oil companies is in contrast to the last two price adjustments: around 7.5p per gallon up in February last year and an 8p per gallon rise in December. The escalating cost of petrol was compounded by the introduction of a 25 per cent. VAT rate.

Ekofisk blast Back Page

Government £25m. not enough to salvage Alfred Herbert

BY KEITH LEWIS

THE injection of £25m. Government money into Alfred Herbert, the Coventry-based machine tool company, is unlikely to be sufficient to revitalise the group.

The official document containing details of the scheme of arrangement, under which the National Enterprise Board will *eventually become outright* owner of Herbert's equity, tells shareholders that, "To complete the rationalisation and reorgani*sation programme and com*mence a programme of capital investment will require funds additional to the £25m. of long-term finance and *to those* at present available from any alternative source."

The document also describes *the continuing deterioration in* the financial position of the group. Losses are running at roughly the same rate as re*corded for the last six-month* period (£3.5m.). The group and its subsidiaries accumulated losses totalling £14.5m. in the four years to October, 1974.

Herbert's bank indebtedness *has also increased sharply from* £7.9m. at the close of the last financial year to £15.7m. on September 26. Total borrowings *stand at £17.4m.* Interest on these loans is currently costing £2m. per annum.

Meeting soon

The Board has made it clear that there is no prospect of *preventing the current losses* unless steps can be taken to rationalise the operations and re-organise production facilities. "*The injection of £25m. of long*-term finance by the Government, together with available bank facilities, will provide an adequate base to enable it to initiate the necessary steps." The new Board plans to reduce the number of employees by 1,500 as part of the rationalisation.

Shareholders, who have already been warned that the alternative to seeking Government funds is liquidation and a *nil pay-out* on Ordinary and Preference stock, are urged by the Board to accept the Government's offer of 6p per share. A *meeting of Ordinary share*holders has been called for the purpose of voting on the scheme on November 24.

A claim for compensation is to be made by Mr. H. N. Raine, former chief executive and managing director of the group, who has four years left to run on his service contract at a salary of £26,000 per year.

Men and Matters Page 14

Lex Back Page

John Lewis ex-chief proposes abolition of equity capital

BY CHRISTIAN TYLER, LABOUR STAFF

ABOLITION of equity capital and transfer of company ownership to the workers was proposed by Sir Bernard Miller, former chairman of the John Lewis Partnership, at the week-end.

Describing equity shareholding as "outmoded and divisive," Sir Bernard said that ownership and control of larger companies, say of over 100 employees, could be "vested in the whole work force under trust arrangements that combine management, and managed in joint responsibility."

New law needed

Such a system, involving a new framework of company law, would merely recognise the power of the workers through the trade unions.

However, the unions would have to give up their traditional conflict with employers as they moved towards the plans for industrial democracy now emerging from the TUC.

The history of the nationalised industries showed that a different approach was needed. There unions had made little progress in resolving employer-worker conflict.

Sir Bernard, who was giving the sixth Ernest Bader Common Ownership lecture, described the system at John Lewis, where workers are co-owners of the business.

Calling for a new relationship between capital, management and labour, he said that unions had *not* faced up to the consequences of their industrial victory by accepting responsibility for the health of industries in which "they now hold the balance of power."

Existing equity capital would be redemmed, or put on a fixed devidend basis, and no new such capital created.

The role of equity capital was declining in any case. In the five years to the end of 1974 it averaged £124m. a year., compared with £3,059m. from undistributed income and £2,752m. from the banks.

"It is equity shareholding from which stem many of the evils of the capitalist system, capital profits, company manipulation and financial speculation, the excesses of private gain which Mr. Heath rightly castigated as 'the unacceptable face of capitalism' and it rightly provokes the anger and hostility of trade unions."

General purchasing power accounting rejected

BY MICHAEL LAFFERTY

THE DUTCH accountancy institute, NIVRA, has come down firmly against general purchasing power (g.p.p.) accounting in a written submission to the American Securities and Exchange Commission.

The SEC issued proposals in August that quoted companies should disclose replacement cost data in notes to their financial statements. This move was in direct conflict with the proposals of the Financial Accounting Standards Board, which favour general purchasing power accounting.

The U.K. accountancy bodies are expected to give their views on the Sandilands Report tomorrow. This report, which was published in September, recommends that U.K. companies should adopt current cost accounting, a system very similar to replacement cost accounting.

The SEC proposals are in line with an internationally developing trend. In addition to the U.K. and Holland—where replacement cost accounting has been a practice of long standing with a number of companies—this system of accounting has also been advocated or considered recently in Australia, Germany, and South Africa. Only the U.K. and U.S. accountancy bodies appear to support current purchasing power accounting, or general purchasing power accounting, which is very similar.

"The business community, because of its close and international relationships, would greatly benefit if there was general agreement between standard setting bodies on the accounting principles to be applied in times of changing prices," says the NIVRA report.

G.p.p. accounting cannot serve as a tool of management, if only because it cannot be integrated into the record-keeping system," states the submission.

NIVRA believes that the dangers of subjectivity in replacement cost accounting are often over-stated, "as much of the real problems in maintaining objectivity in historical cost accounting or in general purchasing power accounting are underrated." The report declares that estimates and subjective judgments are inevitable elements of any accounting system: in any case "replacement cost data are objectively verifiable to a substantial degree," it states.

THE WEEK IN THE COURTS

The ponderable worth of tax avoidance ploys

BY JUSTINIAN

FORTY YEARS AGO, the Duke of Westminster was a successful litigant against the Inland Revenue over a scheme to relieve him of heavy surtax liability.[1] The same kind of legal advice, made available to the Duke, was used unsuccessfully twice (and at great financial cost) recently by highly paid actresses to avoid the burden of heavy taxation.

The device adopted by the Duke (unlike his emulators) was of devastating simplicity. He paid his employees on his estate by deeds of covenant provided that the payments were to be made without prejudice to any claim for remuneration to which the employees might be entitled. But it was understood by the employees that they were not expected to make any claim so long as the amount under the covenant and other payments they received equalled their current salary. Thus the Duke's wages bill was more than halved, the missing half being *deductible* payments under the Deeds of Covenant.

The importance of that case rests on the expressions of principle that the courts were thereafter instructed to adopt in transactions designed to avoid tax. The Revenue contended that although the Duke's transaction was in the *form* of a grant of an annuity or annual payment, *in substance* the transaction was an agreement by the employee to continue in the Duke's service at his normal salary. The House of Lords sided with the Duke. Lord Tomlin said: "It is said that in Revenue cases there is a doctrine that the court may ignore the legal position and regard what is called 'the substance of the matter.' . . . The sooner this misunderstanding is dispelled, and the supposed doctrine is given its quietus, the better it will be for all concerned, for the doctrine seems to involve substituting 'the uncertain and crooked cord of discretion' for the 'golden and straight mete wand of the law'."

Lordly words

Another Law Lord, Lord Wright, put it more pithily: "Once it is admitted that the deed is a genuine document, there is no room for the phrase 'in substance.' Or more correctly, the true nature of the legal obligation and nothing else is 'the substance'."

These ringing phrases did more than bring satisfaction to the Duke and his legal advisers. They have formed the backbone to many a counsel's opinion ever since, and have been applied in numerous later decisions of the courts in favour of a wide variety of tax-avoiding devices. The lordly words on their face actually encourage the ingenious draftsman to even more prodigious efforts on behalf of a client. If only he can envisage an appropriate set of documents, each properly executed and stamped and brought into existence at the right time and giving rise to unmistakable legal rights, then there is no limit, as a matter of unimpeachable "substance," to what he may achieve, to the evident discomfort of the Board of Inland Revenue. All the draftsman has to be sure of is that he avoids the danger of any of his documents being visibly a sham—which will happen if all the parties to the transaction have the common intention that they are not to create the legal rights and obligations they appear to create—and some other statutory traps like section 460, Taxes Act 1970 (formerly section 28, Finance Act 1960).

Christie plot

There are not unnaturally limits to what the draftsman can in fact achieve. And when he oversteps the mark the plight of the taxpayer can be severe. Not merely must the tax that is exigible be paid. The taxpayer must face fierce legal costs (most of these schemes go through the gamut of the courts). But built into such schemes there is nearly always a hefty commission payable in any event to the advisers and financiers whom the taxpayer has chosen to concoct his tax-avoiding ploys. The two recent cases demonstrate the unhappy lot of the taxpaper who fails *to* emulate the Duke of Westminster, and has a huge bill to foot at the end of the day.

The first of the two cases concerned Miss Hayley Mills, the actress-daughter of a distinguished actor-father, who well-meaningly was anxious to make arrangements to secure that his daughter's earnings as a child actress for Walt Disney Productions would be "legally protected." With that in mind various experts were consulted. They produced a somewhat complicated scheme which was carried into effect. The scheme involved agents' commission of 10 per cent. (on the sums paid by Walt Disney for Miss Mills' services), directors' fees (£1,000 a year) and solicitors' and accountants' charges. As Lord Denning observed in the Court of Appeal, "by the time all these have reaped their harvest, there will not be much left for Miss Mills." The scheme failed for a reason that is not germane to the present discussion.

An even more complicated scheme was devised for Miss Julie Christie to enter into, which was characterised by Mr. Justice Templeman earlier this year as a total failure. (The Court of Appeal and possibly the House of Lords have yet to pass judgment on the scheme.)

In essence the scheme involved three settlements, over a dozen agreements, and a team of 11 characters (*excluding* Miss Christie herself and the various genuine film companies whose urgent desire for her professional services made the scheme worth risking). One illustration of the network of agreements will suffice, mainly because it provides some instructive amusement.

There came a moment in the timing of the various steps in the scheme when a huge capital payment had to be made, according to the legal document which had been carefully plotted. A co-operative banker was paid the trifling sum of a 1,000 guineas for attending the gathering of the clans with a draft for £475,000, which merrily circulated from hand to hand (strictly according to a sort of shooting script) before finally disappearing again into the banker's pocket. Mr. Justice Templeman had this to say: "In effect £475,000 passed from the banker to Univats to Cymbeline to Black Nominees to Swanlack to Woods to Downer to Univats and back to the banker, pursuant to documents which divided the profits from the Christie rights between the financiers and Black Nominees in the proportions of roughly 32½ per cent. and 67½ per cent."

The moral

To revert to the legal conundrum: for the taxpayer (nominally Black Nominees, in whose hands 67½ per cent. of the proceeds of Miss Christie's very considerable remuneration finished) the Duke of Westminster's case was heavily relied on. All the documents were genuine. And the effect of the genuine purchases of this and that by the various parties who attended that bizarre meeting with the banker was that Miss Christie's income had become transmogrified into capital sums in the end. Why then did the scheme fail to achieve its tax-avoiding purpose?

The moral of this tale is that the Duke of Westminster's case is not so freely applicable today. Even where it can be invoked, taxpayers, to whom an elaborate tax-avoiding scheme is offered for sale, would be well advised to assess not only its potential value as a tax-saving device but also its certain costliness in both ponderable items, like the "financiers' commission," and the imponderable ones of the cost of litigation against a not inexperienced opponent with the resources of the State behind him.

I.R.C. v. Duke of Westminster [1936] A.C.1.

Mills v. I.R.C. [1975] A.C. 38; and *Black Nominees Ltd. v. I.R.C.* [1975] Tax Leaflet No. 255S.

SOCCER — BY TREVOR BAILEY

Four good goals in this second division treat

YOU NEVER CAN TELL with football. The meeting between Chelsea and Plymouth Argyle at Stamford Bridge on Saturday, which brought a 2-2 draw, scarcely suggested a real treat. The home side, relegated last season and now in the wrong half of the Second Division, are unlikely to make that instant return optimistically predicted by their manager, while the visitors, who came up from the Third Division with an above-average team, are struggling near the bottom.

These were not the ingredients for outstanding entertainment, and yet from the spectator's angle this was a far more enjoyable match than most First Division games I have seen this year. It contained four good goals, including one by Wilkins which is unlikely to be bettered, two brilliant, vintage Bonetti saves, plenty of action and attacking football, some delicious moves mainly from Plymouth, and great enthusiasm throughout on a pitch made treacherous by rain.

However, it must be admitted that the main reason why it was so much fun, and why neither side is likely to win anything tangible, is that both defences were not only tactically naive, but committed an astonishing number of mistakes. Plymouth had the excuse that their back four included two reserves, but the Chelsea rearguard really did creak. McAuley, a genuine left-winger, repeatedly turned Locke inside out. Harris and Droy found the opposition more often with their passes than their own colleagues, and two big men in the middle are not proof against a high cross, if they are not in the right position.

Chelsea began brightly when after only four minutes an awful defensive blunder allowed Britton to nip through and score, but once they had recovered from this setback; it was Plymouth who provided the more consistent and cultured pressure. Once Bonetti did well to save from Randall, the most complete midfield player on view, and the visitors had every right to feel aggrieved at being a goal down at half-time.

After the interval they continued to threaten, but Chelsea went further ahead with a gem of a goal. Britton paved the way with a pass to Garner on the left wing and Wilkins, dashing up from nowhere, dived to head the cross past the 'keeper.

The attacks, which Plymouth had been mounting throughout, at last paid off, when a clever diagonal pass found Mariner, an impressive striker, who stabbed it home. Shortly afterwards the same player, standing unattended beyond the far post, timed his header perfectly to level the score, following a fine left wing centre. In the closing stages Chelsea twice almost stormed through their opponent's insecure defence, but on balance a draw was the correct outcome.

RUGBY UNION — BY PETER ROBBINS

Cool Cardiff too clever for the Wallabies

AFTER THEIR sedate mid-week game against Oxford, the Australians came face to face with harsh reality on Saturday. A determined but limited Cardiff side beat them 14—9 thus maintaining the Welsh club's unbeaten record against Australia. The tourists could manage only three penalties by Maclean against two tries and two penalties.

Cardiff deserved to win not only because they made more chances with their running (missing at least three tries by poorly-timed passes or knock-ons) but also they kept their cool much better than the visitors who failed to penetrate.

After simmering in the first half, the match occasionally boiled over with Price going beyond the accepted limits of physical aggression. It may have been sheer frustration because Australia were so thoroughly beaten forward that their play behind the scrums became rather neurotic. It is still early days in the tour and Australia could well surprise some of the sides they face.

Portent

Cardiff's strength was initially in the front row where Nelmes, Phillips and Knill dominated their opposite numbers. Early on, Cardiff lifted the Australia front row at a scrum which was a portent of the final result.

But it was at the line out that Australia were utterly annihilated. Not even the arrival of Hillhouse in place of the injured Eisenhauer 12 minutes after the break changed matters. Australia's line out possession was of little use to Hipwell.

So, beaten significantly at the two set pieces, the tourists had to look for the vital loose ball and here they had more success thanks to Shaw, Price and Smith. They showed an early eagerness at the rucks and mauls.

Unfortunately, when the ball went beyond Hipwell, there was total confusion with the promising Wright overwhelmed by the occasion. His centres, Shaw and Weatherstone, were uncertain when they got the ball and there was no speedy chain passing. Only when Maclean intruded did the attack have any point.

After a tentative first half of reconnaissance, Cardiff, smelt victory. Had their back row support been quicker, their play would have had the continuum for which they were striving.

The key figures were Williams at scrum half (substituting perfectly for Gareth Edwards) and Gareth Davies at fly half. Whenever Robinson or McJennett gobbled up the ball at the line out or Nelmes fed it back, these two first kicked with remorseless accuracy and occasionally ran with typical Welsh effrontery.

Williams made a ghastly mistake late in the first half when he missed out his centres passing direct to Jones who could not take the unexpected pass. Davis is reminiscent of Barry John and it was this half back pair who polarised the whole issue: Welsh inventiveness versus Australian rugby by numbers.

Australia introduced a note of originality in their short penalty where they had either a first wave of five forwards advancing as a shield or later two rows to mask the ball. In neither case did anything come of it. It takes a skilful side to win the bare possession and Australia did not have that skill.

Penalty

Maclean kicked two penalties but just on half time Williams broke from a maul on the Australian 10-yard line passing quickly to Jones. Cardiff's left wing is surely not the quickest runner but surely the most single minded, and he careered for the line like some driverless bulldozer to score in the corner.

The visitors' tenuous lead was quickly obliterated as their centres were caught offside and Gareth Davies kicked a penalty. Maclean missed another penalty and only a knock on by Finlayson prevented another Cardiff score.

When Price punched Worgan in the open, Davies made it 10-6 to Cardiff when Dudley-Jones came on for Stuart Lane. Davies missed a penalty when Price viciously tackled John Davies but Cardiff's fly half made full amends with the try of the match. From a ruck excellently set up by Phillips he dummied with his two centres passing direct to Jones who juggled with but held the ball. Davis with typical Welsh cleverness ran on the outside for the scoring pass. Maclean added a penalty for the Wallabies which closed the enormous gap but only in terms of statistics.

RACING — BY DARE WIGAN

A chance for recompense

BOOKMAKERS in the Winchester area would have taken a caning had *Liberty Lawyer* won the William Clark Handicap at Newbury on October 24. L. Hall's gelding was unlucky not to have done so, being shut in on the rails until the race was virtually over, in spite of which he finished only two lengths behind the winner, Kiyoswanee. *Liberty Lawyer*, who reserves his best form for the autumn, seeks recompense this afternoon in the Outwood Handicap (2.45) at Lingfield, and though the distance is more than a furlong farther than that at Newbury, it is unlikely to pose a problem. In fact, I anticipate his winning.

The supporters of *Nagwa* are hoping that the filly will notch her thirteenth success of the season in the Plaistow Plate (4.15), and judged on form there is no reason why she should not. But she has had a long and busy session—this will be her fourth outing in 16 days—and tough though she is, it is asking a lot of her. I shall oppose her with *Steel Power*, an attractive colt by Vaguely Noble, whom Scobie Breasley trains for Mr Ravi Tikkoo. The colt shaped with promise behind Prince Pepe at the Newmarket Houghton meeting.

LINGFIELD
1.45—Sweet Lad
2.15—Truly Brave
2.45—Liberty Lawyer***
3.15—Leading Lady
3.45—Sweet Reclaim
4.15—Steel Power

LEICESTER
1.30—Windmill Boy
3.00—Petwood*
3.30—Moreland Hills**
4.00—White Wonder

Earlier in the afternoon *Sweet Lad*, a half-brother, by Don II to the useful Black Rhino, may be too good for *Jellaby* in the Chelwood Gate Plate (1.45), and *Truly Brave* ought not to be unduly pressed to get the better of moderate opponents in the Chaldon Stakes (2.15). *Leading Lady*, who is bred to stay any distance within reason, may not have to improve on her third to Regent's Garden and Melody Ryde at Newbury the other day to land the Biggin Hill Handicap (3.15).

At Leicester the best bet on the programme ought to be *Moreland Hills* in the Fleckney Maiden Plate (3.35), for this American-bred filly, after finishing a creditable third to Duke Ellington and Kellystown at Sandown at the end of August, may have been a trifle unfortunate when narrowly defeated by Aquilegia at Windsor in September. She is reported to have been working well at Newmarket. Other suggestions for Leicester are *Windmill Boy* who is likely to have too much resolution for *Blessed Boy* in the Wysall Maiden Claiming Plate (1.30); *Petwood*, who just went under to Majesty at the recent Doncaster meeting; and *White Wonder*, who will be well ridden by A. Cressy, in the November Apprentices' Handicap (4.00).

SHOW JUMPING

Broome sweeps German aside

AMSTERDAM, Nov. 2

DAVID BROOME of Britain riding Sportsman won the Netherlands Grand Prix jumping event at the Horse Show here to-day beating European champion Alwin Schockenmoehle of West Germany on Santa Monica into second place.

Former world champion Broome covered the 535 metre course with 26 obstacles in brilliant style clocking 54.6 seconds against Schockenmoehle's 55.9 seconds. Ireland's Eddie Macken riding Boy was third in 57.3 seconds. Reuter

TENNIS

Okker's title

PARIS, Nov. 2.

TOM OKKER (Holland) won the French indoor lawn tennis championship by defeating Arthur Ashe (U.S.) 6—3, 2—6, 6—3, 3—6, 6—4 in the final here to-day. Reuter

GOLF

Nicklaus wins Australian Open

JACK NICKLAUS won his fourth Australian Open yesterday at Sydney.

Nicklaus, who began the final round sharing the lead at nine under par with Billy Dunk, finished three strokes ahead of fellow American Bill Brask with an aggregate 279 and 72 for the final round.

He played faultless percentage golf with his only blemish a bogey six on the 510 metres fifth as his challengers dropped back under pressure.

Equal third were Australians Dunk, David Graham, Ian Stanley and Gary Player from South Africa with 284.

Star Offshore buys diving group

BY JAMES McDONALD

STAR OFFSHORE Services has bought all the share capital of North Sea Diving Services of Great Yarmouth and its subsidiary and associate companies. The purchase price is £137,500 in cash, £120,000 in SOS shares issued on October 30 and £83,000 in SOS shares to be issued on December 31, 1976.

This last share issue is subject to variation up or down, dependent on NSDS profits for 1975 and 1976. The total profit of the group for 1974 was £95,139.

About six months ago, SOS took over Northern Divers Ltd., of Hull, and this latest acquisition now makes it the largest British-owned diving group.

Mr. Ian Fraser will remain managing director of NSDS and will be joined on the Board by Brigadier Parker as chairman, Mr. A. J. Beveridge, Mr. P. J. Hedges, Mr. G. H. Scrase, Mr. A. Sparrows and Mr. A. Jermy.

PAULS & SANDARS CLOSES MALTINGS

Lack of orders from distillers forced Pauls and Sandars to close its malting factory at Wellingborough, Northants, yesterday.

TV/Radio

† Indicates programmes in black and white

BBC 1

9.38 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.25 p.m. North Sea Oil—Forties Field on Stream. The Queen inaugurates the first constant flow supply of British North Sea Oil. 1.00 News. 1.05 Pebble Mill. 1.15 Bing-a-Ding. 1.50 [illegible] 2.01 For Schools, Colleges. 3.00 Anno Domini. 4.00 Play School. 4.25 [illegible] 4.30 [illegible] 4.45 Blue Peter. 5.10 [illegible] 5.20 [illegible] 5.40 The [illegible]

5.45 News
6.00 Nationwide
6.50 The Goodies
7.20 Angels
8.10 Panorama
9.00 News
9.25 Monday Film: "A Man Called Gannon"
11.05 To-night
11.50-11.42 Weather/Regional News

All regions as BBC-1 except at the following times:

Wales—1.45-2.00 p.m. Pili Pala. 6.00-6.50 Wales To-day. 6.50-7.20 [illegible] 11.05-11.40 Kane on Monday. 11.40 News for Wales.

Scotland—11.00-11.20 a.m. For Schools in Scotland. 3.35-4.00 p.m. Guidance and Counselling. 6.00-6.50 Reporting Scotland. 11.05-11.40 Public Account. 11.40 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.25 Scene Around Six. 6.25-6.50 Land 'n' Larder. 6.50-7.20 Castle Concert. 11.40 Northern Ireland News Headlines.

England—6.00-6.50 p.m. Nationwide. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

11.00 a.m. Play School
3.00 p.m. On the National Health
3.30 Homes from Home
7.05 The Selling Line
7.30 Weather
7.35 Newsday
8.10 The Waltons
9.00 Prometheus: The Life of Balzac
9.50 Worldwide
10.40 Diversions
11.15 Newsnight
11.30-11.35 Gary Watson reads Bar by D. H. Lawrence

LONDON

9.30 a.m. Schools. 12.00 Noddy. 12.10 p.m. Mr. Trimble. 12.30 Mum's the Word. 1.00 First Report. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 [illegible] 3.25 General Hospital. 4.25 Clapperboard. 4.50 [illegible] 5.20 And Mother Makes Five.
5.50 News from ITN
6.00 To-day
6.45 Opportunity Knocks
7.30 Coronation Street
8.00 The Cuckoo Waltz
8.30 World in Action
9.00 The Sweeney
10.00 News
10.30 Arts Bazaar
11.00 The Streets of San Francisco
11.55 Conscience Without God

ANGLIA

[illegible]

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.30 Hamdden. 6.01-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except [illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1

247m

(S) Stereophonic broadcast

[illegible]

RADIO 2

1,500m and VHF

[illegible]

RADIO 3

464m, Stereo & VHF

[illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

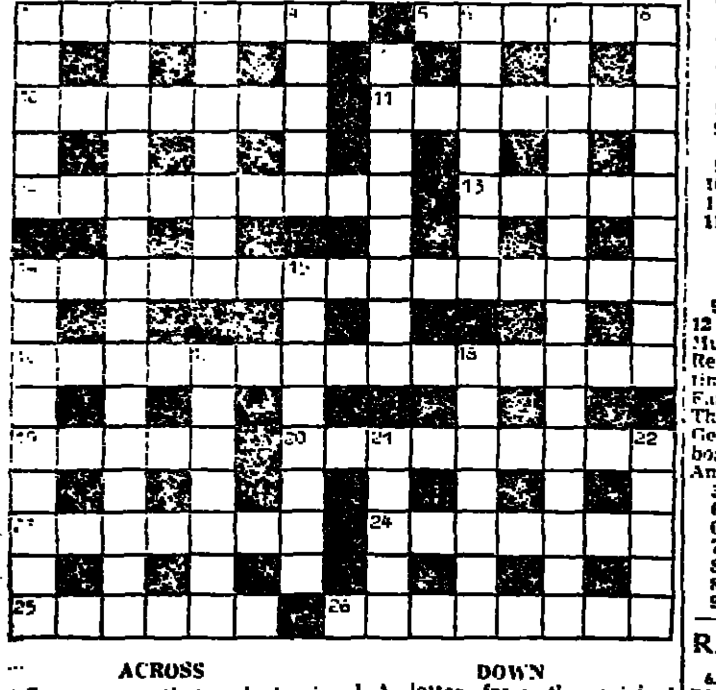
[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 2,921



ACROSS

1 Summarise that which is theoretical (8)
5 Ring and go round (6)
10 Argue about note that's folded (7)
11 Not acknowledged and without proprietor (7)
12 Supplying food makes boxer mad (9)
13 Alongside a girder (5)
14 Disbelieving person's remark to drag a different member . . . (4, 3, 5, 3)
16 . . . and drag one south with horses but hold back the blows (4, 4, 7)
19 Draw an outline of a money order (5)
20 Kill sound of merriment coming from the south (9)
23 Compile a particle in the issue (7)
24 To barge in ain't rude when leaderless (7)
25 An attractive mineral (6)
26 He adds to mixture for a marksman (4-4)

DOWN

1 A letter from the original Pharaoh (5)
2 Peculiar entreaty involving unfair argument (7, 8)
3 Go back and stand another round (7)
4 Boy trainee is not a gentleman and French (5)
6 Is duck dead? No, separate (7)
7 Fail to reveal what is right and hide the fact (7, 3, 5)
8 Harms and ends with a bad game inside (9)
9 A complete pause seen at end of sentence (4, 4)
14 Smoker's illusion conveyed on paper (4-5)
15 Nevertheless a mere trifle could be a service (8)
17 Sketch a general statement without details (7)
18 Nullified need to hold gun (7)
21 Remain to stay and endure (5)
22 Scottish cure in welfare establishment (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Covent Garden

Carmen

by GILLIAN WIDDICOMBE

Covent Garden's trafficking in young, untarnished Slav singers continued last Friday with the début of Ruza Baldani as Carmen and Gordana Jevtovic as Micaela, both from Yugoslavia. They added considerable lustre to a generally good-looking revival of Michael Geliot's vivid 1973 production, admirably conducted by the young Spanish conductor Jesus Lopez-Cobos.

Mezzo or soprano?, we always ask of a new Carmen. Ruza Baldani scores down the dividing line, for though her voice is not yet fully grown at either extreme, the tone is excellent in the middle of Carmen's singular range. Its timbre is mildly sultry, with flinty variations, but its control never slovenly; vibrato and intonation are nicely styled. Friday's first act suggested star quality, for both the *Habanera* and *Seguidilla* were remarkably well sung, and Miss Baldani's movements were those

The Entertainment Guide is on Page 4

of a naturally glamorous woman, with wide-featured face in the shape favoured by advertisements for Revlon. But Carmen is a long, increasingly taxing role: Miss Baldani had not enough left for the dramatic edge required by the card scene; and the fourth act duet with Escamillo, in which Carmen must don formal voice as well as formal gown and bearing, suggested that her technical guard was tiring.

Gordana Jevtovic's Micaela was prettily sung—she won last year's Chaikovsky Competition in Moscow. The texture is sharper than the pink ice cream voice usually chosen for Micaela, and the style of vibrato is recognisable. But on Friday her singing was sympathetic, musical; and her characterisation uncommonly likeable. He appearance was overdone. Or is there, in Merimée, justification for peroxide and mascara for girls from the province in which Done José was borne?

This production now replaces its original Don José with another Spanish tenor, the young Pedro Lavirgen. Good looks, the Spanish lisp, and some acting habits, Domingo and Lavirgen have in common; but Lavirgen's voice is much lighter, smaller; and on Friday wore a shrouded, strained quality, as though unable to release full resonance. Yet he worked hard, and both "La fluer que tu m'avais jetée" and his final plea were intensely emotionally sung.

The Chicago baritone Michael Devlin has more than the usual success as Escamillo. The voice is light in texture, but intelligently coloured; and though his height is more that of a baseball player than a toreador, he looks and moves like an athletic hero. Two good soldierly appearances from the redoubtable Thomas Allen as Morales and Richard Van Allan as Zuniga.

Jesus Lopez-Cobos makes an important conducting début. His work is tidy, fluent, colourful. The orchestra played with brightness and sensitivity for him on Friday; and the underpointing of the more subtle arias was always light and often clever. The cast seemed to be both supported by and responding to him throughout the evening—for example, Don José sometimes began an aria with an apparently natural bellow, only to adopt more artful shading a few bars later. Presumably for reasons of expediency, what began as Oeser's edition has now been subjected to "some modifications, and the recitative version"—mad, bad, but inevitable.

Albert Hall

Verdi Requiem

by MAX LOPPERT

The particular interest of Saturday's Requiem at the Albert Hall—in which the New Philharmonia, the London Choral Society and the London Oriana Choir were conducted by Leon Lovett—was the quartet of soloists. Each was a relatively unfamiliar singer of some merit; and each exemplified a singing style so much unlike the other that the ensemble could fairly have been expected to founder. Toye called the Manzoni Requiem "an interpretation of the hopes and fears of mortal men"; with a French-Canadian soprano, Dutch mezzo, Australian tenor and Bulgarian bass, an unusually wide net had been spread to catch the ambassadors of those hopes and fears. Yet it was, unexpectedly, a successful combination, and the wonderfully universal quality of Verdi's compassionate humanity was thereby freshly emphasised.

The least familiar, and in some respects most impatiently awaited singer (in view of her beautiful Elisabeth de Valois in the Radio 3 "Porter" *Don Carlos* broadcast of 1973), was the soprano Edith Tremblay. In many respects it was a disappointing appearance, for apparent nerves contrived intermittently to rob Miss Tremblay's finely calibrated tone of solidity and security; and in the heroic, chorus-dominating aspects of the music, she could never be ideal. Certain phrases—her delicately sculpted "Salva me" pleas, the long-lined clarity in the "Agnus Dei"—indicated that the welcome given Miss Tremblay as a French lyric soprano of uncommon refinement was not unjustified two years ago; but her artistry is still prone to immaturity.

Her mezzo and tenor partners displayed complementary virtues and flaws: Cora Canne-Meijer's well-pitched, commanding mezzo has developed a rubbery edge since she recorded that dapper Isolier in Glyndebourne's *Comte Ory* 20 years ago; while Henry Howell, an immensely promising young tenor with a warm and open-throated manner, tended to move sharpwards in pitch as he moved up the scale. Most secure, and indeed most consistently impressive, of the soloists was Nicola Ghiuselev, a true "black" base whom we should hear at Covent Garden.

It may be thought a slight insult to place the soloists before the choirs, whose big outing this was; yet so carefully had their preparation been undertaken, and so thorough was Mr. Lovett's guidance of them, that the unfolding of the vast forces could be taken for granted, in the best sense. It was not the most dramatic, or the most tenderly meditative of performances, nor one in which the NPO recovered all its old form—but meticulous (Mr. Lovett's attentive scrutiny of markings, everywhere admirable, helped to move the "Lacrymosa" with a perceptive balance of parts) and, in sum, impressive.

Leicester Phoenix

Johnny Boxer

by MICHAEL COVENEY

The stage of this friendly theatre is dominated by a boxing ring around and within which Phil Woods spins the yarn of a fictional East End boxer of the 1930s. Similar in structure to Bill Bryden's *Benny Lynch* (about the Glasgow champion), the piece works reasonably well as a story but is mystifyingly devoid of focused comment or even historical detail. The rise of a sporting star from poverty to sudden fame and down again to poverty (this time, a bitter poverty) is common enough—which Arsenal star of the same period now sells newspapers? But a playwright of to-day should surely find a way of making his point that does not so obviously derive from the style of the Hollywood B-movie.

The flashpoint of the action, as it did in Mr. Bryden's play, with the title fight itself, right at the beginning of the second act. Chris Barnes as Johnny apparently trained with the Army for six months; he came out of his corner like a mad ferret, but, for all his flailing and stream, landed few good bunches on his opponent, was back on his heels for most of the first round, and slumped breathlessly in his corner at the bell before coming out, incredibly, to knock out the champ 30 seconds into Round Two. The realistic creation of a sporting event seems to me one of the more pointless things to be done in a theatre; but for all that the audience bayed and yelped as if hired to do so.

Success for Johnny means an encounter (almost as incredible as the manner of his victory in the ring) with a fatuous lady journalist from the *Illustrated London News*. At the age of 23, Johnny is on the way out, via posh restaurants, the pressure of begging letters and domestic trouble. This is all briefly sketched in and, as Johnny fades, his gym-partner Clancy, overtly odious, moves towards the heavyweight title and the lady journalist. How did Johnny feel at the top? "Like Amy Johnson—right up there." And, at the end, he comes scuffling back to the gym, prematurely aged and begging for work.

The play is topped and tailed by a street brawl in which Johnny is beaten up by a gang of football thugs. The incident echoes an incident suffered in real life by Jimmy Wilde, the great world flyweight champion; hearing of it set Mr. Woods on course for this play. The company is spirited but not outstanding, and the lively direction is Michael Bogdanov.

Pat Keen, Joseph Greig and David Beames

Nottingham Playhouse

Jug

by B. A. YOUNG

Jug is Henry Livings' adaptation into contemporary Lancashire of Kleist's blank-verse comedy *Der Zerbrochene Krug*. The simple, garrulous characters turn easily from Dutchmen into Lancastrian peasants.

The story (which Kleist invented in competition with friends to interpret an etching by Debucourt, "La cruche cassée") is a simple one. Adam Kenworthy (as Mr. Livings calls him), a simple county magistrate, is hearing a case brought by the widow Hirst against her daughter Eva's fiancé Matt Bradbury, who she claims has broken her antique jug. A Member of Parliament, Sir Mulberry Walter, has made an unexpected visit to hear the proceedings and report on the quality of the magistrate to the Solicitor General.

Kenworthy is anxious to prove the case against Matt, and whenever there seems any likelihood of adverse evidence coming up—for example, that some other man had been in Eva's room—he contrives some distraction. No difficulty: the court is held in the parlour of the local inn (a handsome mock-pine design by Trevor Pitt) and half the village is present, their beer-mugs seldom out of their hands. Walter, exasperated, takes over as the widow's advocate and it's soon disclosed that the mysterious third party was—well, we have all known who it was a long time before the evidence decides it.

Kleist being Kleist, a man who philosophised himself into a nervous breakdown over the impossibility of determining absolutes, we may look for some philosophy in the play, but Richard Eyre has stuck to comedy and let the philosophy fend for itself. There is of course the question of truth and illusion that has been with us since Pontius Pilate, but we needn't concern ourselves with anything deeper, such as one proposed conclusion, because the magistrate is called Adam and the girl Eve, that we are involved with a metaphorical presentation of the problem of the forbidden fruit of knowledge.

Henry Livings' play at any rate relies on its array of comic characters. Very comic they are too, though they don't quite manage to fill out a whole evening. The German original plays, I would guess, about an hour, and Mr. Livings has teased it out to more than two mainly by sheer decoration, including choral songs and some odd explanatory speeches delivered now and then by the clerk of the court.

Decent broad peasant comedy is displayed by the whole company from Joseph Greig's chattering Kenworthy and Ursula Smith's shrewish widow to John Judd's somnolent old-soldier constable with his parade-ground voice. There is more sympathetic writing for Matt (Malcolm Storry), who gives his evidence with dramatic emphasis but who for the most part sits out the proceedings sulking because he thinks Eva has deceived him. (In fact she has been negotiating his release from conscription.)

Zoë Wanamaker keeps Eva effectively low-keyed; there ought, I think, to be more evidence that Kenworthy has other than a paternal affection for her. The voice of commonsense is shared between two elegant performances, by Geoffrey Chater as the patrician Walter with his patient attempt to keep the proceedings halfway reasonable, and by David Beames, very good as Light, the young clerk, who earnestly but good-temperedly tries to keep some kind of record of what is simply a shambles.

Liverpool Everyman

One Flew Over the Cuckoo's Nest

Ken Kesey's brilliant novel about life in an Oregon State institutional hospital is, superficially at least, suitable plunder for stage and screen. Kirk Douglas bought up the film rights back in the early 1960s when the book was still in galley form; he then appeared in a stage adaptation for six months on Broadway. The film has just been completed in the States with Jack Nicholson in the part of MacMurphy, the extrovert con-man and sharp talker who takes up battle on behalf of his fellow inmates with the institution's huge-breasted, ball-breaking supervisor, Big Nurse. Nurse represents the Combine, allegorical and hovering symbol of technological advance in the modern world.

Kesey's narrative conductor is Chief Bromden, a displaced Indian victim of the Combine's rumbling progress. To remove this element in the book, as does the adaptor and director, John Roche, is to reduce the original further than is necessary (let alone justifiable) and leaves us with a sort of joky knees-up with a crowd of gibbering loonies. Nothing wrong with that, but Mr. Roche should not shoot his entertainment with Kesey's title.

The book is, quite obviously, a masterpiece of American literature in the tradition of Twain and Faulkner. The Everyman show is a diluted *Marat-Sade* indulgently performed. When MacMurphy (in the original) gets half the ward out in a sloop in the final stages of his campaign against Big Nurse, the impact of air, sea and sky on the characters is beautifully captured in a sustained and moving passage of lyrical prose, full of incident and rich in texture: here, the loonies get fitted out in yellow gaberdines and fool around for about a quarter of an hour with silly prop rods and "Jim, lad" murmurings. It is an unimaginative travesty.

Hugh Armstrong is a good idea for MacMurphy, but the whole caboodle has been lazily transposed to somewhere in England: so Mac comes on like a 50's Cockney barrow boy in teddy boy gear; Big Nurse's black henchmen are represented as a couple of pasty-faced Bay City Rollers; the sad night nurse with a scar she blames on her job is played as a pair of Irish nurses in one coat, planting their tranquillisers to the strains of a Catholic hymn; even more idiotic is the playing of the final discussion of who is fit and not fit to escape as a spoof of a British war-time officer movie. The company seems to have done little work at creating the terrifying oppression of the ward conditions, and passion and fear are replaced with goofy clowning. Ralph Steadman's supercilious designs, clever in themselves, do little to stem the inconsequential tide.

Perhaps I would feel less strongly about all this if I did not know the book and like it immensely. But even as an Artaudian exercise in images of madness and sanity the production is grim. Big Nurse is played in drag by Ian Redford with minimal conviction; Nick Brimble is effectively quiet but, in the end, anonymous as the Chief; and there are acceptable efforts from George Costigan and Mary McCusker in other parts. Nothing in the staging tries to grapple with the enveloping fog that Nurse turns on her charges at regular intervals; the Chief's nightmarish discovery of basement activities with wired up and programmed patients has little resonance to it.

MICHAEL COVENEY

Coliseum

La Bohème

Exuberance, personality, bittersweet lyricism, a glimpse of fine singing, and much pliant conducting—these one expects in a repertory revival of *La Bohème*. John Blatchley's production at the Coliseum, nine years old, and revived last week for the umpteenth time, contains all of them, in moderation. None of the bun-fighting is overdone; and the friendliness of the young artisans is sufficiently restrained to suggest real people rather than caricatures of friends slumming. The best comic acting comes from Denis Dowling, who doubles Benoit and Alcindoro, and eschews notation in favour of perfectly timed, crotchety speaking.

In personal terms, this revival centres round the strong Rudolf of Keith Erwen and the rather too substantial Mimi of Margaret Curphey. Mr. Erwen's performance is firmly sung, the voice a little bland in colour (like coffee with a lot of cream), but the sense of line expressive and clean. Miss Curphey is welcome for her secure, accurate singing; and as a Mimi who can cope with the last act's low tessitura. She also has an expressive, sustained sense of lyrical line, though the tone is slightly abrasive sometimes. But she does not project all that is vulnerable, feminine, and so lovable about Mimi; and considerable operatic licence is required for her consumptive ending. Verisimilitude could be improved by less bright lighting.

The other Bohemians are new to their roles. Alan Opie's Schaunard is an artful character, pleasantly sung, and witty. John Tomlinson's Colline is lacrymose indeed, with his aria at dirge tempo. Christian du Plessis acts a handsome Marcel, but the voice is occasionally gritty or uneven. Anne Conoley's Musetta is also new to this production, and adds tarty characterisation rather than a vivacious spitfire courtesan; on Thursday her intonation was nervous, though eventually she decorated the second act's closing ensemble prettily. This, and many other passages, Nicholas Braithwaite took slowly, and expansively, with warm orchestral playing and tight, positive ensemble.

GILLIAN WIDDICOMBE

Wexford Festival—3

Lalo and Rossini

by MAX LOPPERT

On Saturday I wrote that in Wexford's Theatre Royal, the score of Lalo's opera *Le Roi d'Ys* was revealed in the full force of its originality and dramatic impact. On stage, at first, the success of Jean-Claude Auvray's production, with sets by Bernard Arnould, seemed less likely. The producer's determined avoidance of the massive and the spectacular in favour of abstraction and "interpretation" was to be inferred from his programme note. Here we read that *Le Roi d'Ys* "is a symbolist opera using the legendary anecdote to turn it into the place where good and evil struggle eternally"; that his production could be described "as an underlining of the score by images"; and that his set was to be no sea-swept Breton picture, carefully detailed, but, underscoring his view, "A changing, irregular land, swollen with water, surrounded by an alarming mass of rocks covered with alluvions and decomposing aquatic vegetation."

It was hard not to suffer in advance a degree of foreboding, not to fear M. Auvray, a staff producer at the Opéra, as representative of that particular abstractionist lunacy that has so far afflicted most of the stagings of French opera at the revivified Palais Garnier. And fears seemed to be confirmed during the Overture, against which there had been concocted two episodes of intepretative enactment—the effect of which was rather more like interference, with both the music and the staging. One had also to contend with the manifestation of an ur-Margared, a Figurante dressed exactly as the singer and apt to pass portentously across the stage in moments of high tension, thus underlining in thick charcoal the character's Unconscious Motivation.

Beyond these instances of feverish producerism, however, the action escaped further hazard, for the most part; and because M. Auvray possesses a theatrical imagination of undeniable potency, the advantages in his slant on the opera were found, in the close-up of the Wexford theatre, considerably to outweigh the defects. His search for undertones, nuances of meaning, in the interplay of the characters meant that there was unusual intensity in their confrontations, enacted wth an armoury of pose and gesture that may at tmes have veered towards the sensational, but never failed to be immediately gripping. To the Breton elements in the score there was no particularised response, and that was perhaps a pity; to the personages themselves—not all by any means as fully drawn as the magnificently dark central figure of Margared—there was shown an intriguing, sentient boldness that did much to heighten the power of the drama.

In any case, with a conductor of M. Perisson's blazing vitality in the pit, the communication of atmosphere was in good hands. He was the hero of the evening, and Gillian Knight its heroine. Margared is one of the great *falcon* parts of the French repertory, made for a fearless dramatic mezzo or else a soprano with declamatory power at the bottom of the stave. In her music, shooting upwards in urgent thirds, throwing out phrases of wonderful asymmetric shape and tormented force, Lalo's greatest and most peculiarly operatic originality is experienced. It is horribly strenuous. The top four notes of Miss Knight's compass are wanting in the richness of vibration, the amplitude, of the splendid organ below. Generally, though, she had the magnetism, both vocal and physical, and the large, uninhibited stage presence to command every scene in which she appeared. Her French lacked absolute clarity but nothing in idiomatic assurance.

The other principal parts, less remarkably taken, were yet personated by likely, sympathetic singers. Antonio Barasorda was a handsome, knightly figure of a Mylio, whose huskiness of tone gradually passed from dull to attractive, though in the Aubade he was no Gedda or Alain Vanzo, let alone an Edmond Clément; Rozenn was the slight, tenderly touching Christiane Chateau, appealing in timbre despite the acoustical exaggeration of her typically forward French vocal placement.

The dark but sketchy figure of the enemy leader Karnac was bravely undertaken by Stuart Harling, a young baritone able to ring out some exciting big phrases, less sure at insinuating evil. As the King—why the opera should bear the name of so unimportant a figure is a mystery—and later as the emanation of Saint Corentin, limply confronting the conspirators in the chapel, Jean Soumagnas deployed his noble bass to great effect. It was hardly surprising that he and Miss Chateau, the native linguists of the cast, should alone promote that particular pleasure which is to be taken from hearing French exactly and precisely sung. There were pleasures in abundance, of other kinds, throughout the evening.

*

After the successes of Cavalli and Lalo, one was prepared to be indulgent, if not wholly forgiving, about the dullness of Wexford's Rossini, *La pietra del paragone* in Adrian Slack's feebly jokey production. The opera is early Rossini, uncomfortable in shape, and likely to be reworked by producers (Rennert did so for Glyndebourne; Mr. Slack had here reordered and reshaped the acts and individual scenes). But that was less of a problem than the lack of engaging humour in the playing, or of delicacy in Roderick Brydon's relentless forceful conducting; and vocally the cast was seriously underpowered. Only Sandra Browne, a pertly charming Clarice (with flexibility and a real trill), and John Bury, providing the handsome and useful set, emerged from the evening with any credit.

Round House Studio

A Little Black Magic

The Round House has a new, rather alarming studio theatre with uncomfortable chairs and shocking acoustics. However, this does not deter the very talented and beautiful Peter Straker from giving us his all in a 90 minutes long cabaret backed by a group of personable musicians (show me an unpersonable musician) who sound far too much like Crosby, Stills and Nash to be convincingly original. Straker, though, is an original. And he sings some very good songs, very well. First half: Weill's "Alabama Song" (from *Happy End* with a falsetto chorus and silk handkerchief); Brel's "Carousel" (the one that gets faster and faster, a superb technical achievement) and "Jackie"; a number from the American hit black musical *The Wiz* and a lively "Slap Slap Boogie" (look at those gyrating hips!).

After a short break, Straker emerges in a black evening gown, shimmying down the aisle to ask "Who Killed Cock Robin?" before handing round the chocolates (on two visits I've managed a nut cluster each time) and delivering an unaccompanied West Indian lament. After appearing each evening in *Pilgrim* in the main theatre, it says a lot for the artist's stamina and vocal power that a show of this class and vitality is within his scope. And it is quite a scope; for when he takes his leave with Simona's powerful "Stay With Me Baby," there is still enough left for a dazzlingly virtuoso finale. A lot of people will not like the camp chat and the eyes are often a little too richly glazed. But here is one of our very best musical performers letting his hair down, and it is an engaging sight.

MICHAEL COVENEY

HOME NEWS

Whips fear back benchers revolt over devolution

BY JOHN BOURNE, LOBBY EDITOR

GOVERNMENT Whips are afraid of real trouble in the Commons next year over the Cabinet's coming White Paper on devolution and then the Devolution Bill when they are published.

In spite of the reassuring words of Mr. Edward Short, Leader of the Commons and Minister responsible for Devolution, in a number of Press and radio interviews in the last few days, resistance to the idea of devolving substantial legislative powers to a Scottish Assembly is growing day by day in the two major parties.

Indeed, some Whips now believe that, depending on the precise contents of the White Paper, there could well be a repetition of the "unholy alliance" of backbench Tory and Labour MPs which effectively blocked the Labour Government's proposals for reform of the House of Lords in the late 1960s.

Were this to happen, it would certainly get the Conservative front bench off its present hook, which is that, like Labour, the Conservative Party officially promised a Scottish Assembly in its last election manifesto.

The fear of back benchers is that the Government's proposals, far from stopping the Scottish Nationalist Party's pressure for complete separatism for Scotland, will only open the floodgates.

On the Labour side, there is also concern that if there are to be Scottish and Welsh Assemblies there should be similar bodies for the major English regions.

Among Conservatives, who have had several discussions in the backbenchers' 1922 Committee, there is also a conviction which is shared by the Shadow Cabinet that any substantial devolution must be matched by a reduction in the 71 Scottish MPs who sit at Westminster—a move which could put Labour out of office for the foreseeable future.

Meanwhile, Mr. Edward du Cann, chairman of the 1922 Committee, intends to meet Mrs. Margaret Thatcher shortly with members of his executive to discuss devolution, and in particular to ask her to establish a permanent Constitution Committee of back benchers to study the subject under the chairmanship of her front bench spokesman, Mr. William Whitelaw.

The Liberals, who favour proportional representation, will undoubtedly fight that section of the White Paper which proposes election of the Assemblies by the traditional method of a simple majority.

Yesterday, a leading Scottish devolutionist Mr. Jim Sillars (Lab., South Ayrshire) dismissed the suggestion by Mr. Norman Buchan (Lab., West Renfrew) that a referendum should be held on the question of a Scottish Assembly.

Mr. Buchan is shortly to run against Mr. Dickson Mabon (Greenock) a leading devolutionist for chairmanship of the group of Scottish Labour MPs.

Mr. Sillars said he had no doubt a referendum would endorse the creation of a Scottish Parliament with considerable powers and would reject the SNP's position of separatism from the U.K.

Jetsave and TWA in U.S. travel deal

BY JAMES McDONALD

JETSAVE, one of Britain's leading low-cost air travel operators, and Trans World Airlines have negotiated a $20m. two-year agreement for the joint development of low-cost travel and holidays between the U.S. and Britain.

The agreement, reached yesterday in Miami Beach, Florida, at the convention of the Association of British Travel Agents (ABTA), is claimed to be the largest and most comprehensive air charter arrangement ever signed. It carries on the three-year-old association between Jetsave and TWA.

The deal covers the operation of advance booking charter services by Boeing 747 jumbo and Boeing 707 aircraft from London, Manchester and Prestwick to points throughout the U.S., together with the development of inclusive holidays to the U.S. under the selling name, "Jetsave Vacations."

Within the new agreement will be a joint development of tours for Americans from the U.S. to Britain under the recently liberalised U.S. Government travel rules.

"We are delighted to renew our successful partnership with TWA and to be able to add the Boeing 747 jumbo to our programme," said Mr. Reg Pycroft, managing director of Jetsave, yesterday. "Our entry into the expanding U.K.-U.S. package tour market is a logical and exciting opportunity which, when added to our new incoming tours from the US to Britain, makes us the world's leading long distance travel company."

Canadian route

Jetsave Vacations recently announced a programme of inclusive holiday arrangements, offering scheduled service and charter travel at fares ranging from £145 return for 14 days in New York. An expanded programme of facilities throughout the U.S. will be announced soon.

Under the new contract, too, there will be advance booking charters by 747s and 707s from London, Manchester and Prestwick to Los Angeles, New York, San Francisco, Chicago, Miami, Boston and Washington. Passengers will have the full benefits of connections throughout the U.S. on TWA's domestic network.

Next year also, Jetsave services to Canada will be operated by CP Air and Canadian Pacific under a recent $6m. agreement covering flights from London, Manchester and Prestwick to Toronto, Vancouver, Calgary, Montreal and Halifax. In all, Jetsave next year will serve 16 destinations in the U.S., Canada, the Caribbean and Africa, offering over 100,000 ABC seats at fares from £99 return.

Stainless steel orders improve

ORDERS FOR stainless steel sheet for the British Steel Corporation in Sheffield is continuing to improve, but this is not being regarded as any indication of an end to the steel slump.

In other areas, particularly in carbon steel, and castings/forgings, orders are still declining.

On the slight improvement in stainless steel sheet orders, the BSC said: "This has lifted demand just off the bottom, but trade continues at a very low ebb." The most noticeable factor in the increased order pattern is that there appeared to be more demand from stainless steel sink manufacturers.

The sheet market was the first South Yorks BSC unit to feel the depression and production dropped to about 50 per cent. of normal more than a year ago.

There are no indications yet, of any significant upturn in other stainless or alloy steel orders and officials expect a depression in forgings and castings in the next few months, prior to any business pick-up.

Shipping tonnage up 10% in past year

BY JAMES McDONALD, SHIPPING CORRESPONDENT

WITH THE world shipping industry in a state of acute depression, the prospect for early recovery is not encouraged by the fact that the world's merchant fleet has expanded by nearly 10 per cent. over the past year and is now double the size, in terms of tonnage, of nine years ago.

Lloyd's Register of Shipping statistics, published to-day, shows that the world total grew over 12 months to mid-1975 by 30.8m. gross tons to 342.2m. tons.

These figures, of course, do not reveal the volume of tonnage laid-up because of the depression, including a number of ships—particularly supertankers, which country have gone into lay-up immediately after delivery from the shipyards.

The tax-free flag of convenience country, Liberia, has consolidated and strengthened its leadership in the world shipping "league" table with a growth in its fleet last year of a massive 10.5m. tons to 65.8m. tons. Japan ranks second with a comparatively minor expansion of 1m. tons to 39.7m. tons, followed by the U.K. with a growth of 1.6m tons in its flag-fleet to 33.2m. tons.

Norway, also facing problems with its tanker fleet employment prospects, ranked fourth with an expansion of 1.3m. tons to 26.2m. tons, while Panama—another flag of convenience nation—registered a growth of 2.7m. tons to 13.7m. tons. It is interesting to note that the Singapore flag fleet grew over the year by over 1m. tons to 3.9m. tons and now ranks 16th in the world in size.

Oil tankers account for 150m. tons of the 342m. tons world merchant fleet, recording an unwelcome growth over the year in to-day's depressed conditions of 20.6m. tons.

Bulk-oil carriers expanded by 1.7m. tons to 23.7m. tons and ore and bulk carriers grew by 4.4m. tons to 61.8m. tons. General cargo shipping—less affected than other classes by the depression—expanded in size by only 1.7m. tons to 70.4m. tons while the container ship fleet actually showed a slight decline to 6.2m. tons.

In the general cargo ship sector Russia leads with a fleet of 7.3m. tons and represents a menace to some shipping conferences, followed by Greece with 6.3m. tons, Japan with 4.9m. tons and the U.K. also with 4.9m. tons.

Lloyd's Register's statistics also disclose that Russia now has more than twice as many modern, sophisticated large trawlers as the rest of the world put together.

Inflation may cost process industry £1bn. orders

BY RAY DAFTER

THE U.K. process plant industry looks like losing up to £1bn. worth of export business this year because it has been unable to control the effects of inflation on contract prices.

The figure has been produced by engineering contractors and manufacturers of process equipment to support their claim for a more effective cost escalation insurance scheme from Government.

The industry, through the CBI, NEDO and trade unions, is making a renewed effort to have the existing insurance scheme, amended. It is claimed that the scheme, operated through the Export Credit Guarantee Department, does not allow industry to compete for the fixed price contracts being offered in the Middle East, Eastern Europe and South America.

At the same time, it is claimed, the U.K. contracting industry is losing out to countries like West Germany which have lower rates of inflation or others like France or Spain which have more effective inflation insurance cover.

In normal times, if a U.K. contractor won a big overseas contract, much of the manufacturing work would be awarded to British companies. However, where contractors feel able to take on major overseas contracts they are placing a far greater proportion of the physical manufacturing work in countries like France and Germany.

Commander John Hamer, director of the Process Plant Association, said yesterday that it has been estimated that £1bn. worth of orders which might have come to Britain this year had been lost to overseas competitors. While there was no guarantee that U.K. contractors and manufacturers would have been awarded this work if greater inflation insurance cover had been available, their chance would have been very much better.

To a large extent, the process plant sector is still busy, living off the fat of past orders. However, there is a fear that companies could be heading for a serious recession of business in the next year. "We see 1976 as being one of the nastiest years we have had to contend with," said Commander Hamer. "Consequently, we are looking to export work as something to live off."

Both employers and unions fear that the recession could lead to another major shake out of labour. The industry has never really recovered from the situation four years ago when some 25 to 30 per cent. of the labour force was allowed to drift to other industries. It has been found that it is extremely difficult to attract these men—skilled and semi-skilled employees—back to the process plant industry once trade picks up.

Laker claims 'massive support' for Skytrain

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LAKER AIRWAYS, after conducting a public opinion poll on its proposed low-fare, no reservations Skytrain service between Stansted and New York, claims to-day that there is "massive support" for the venture.

The poll, completed on October 22, shows that 88 per cent. of the people asked thought that Skytrain was a good idea and that the Government should allow it to operate.

Although the plan was originally given a licence by the Civil Aviation Authority some time ago, Mr. Peter Shore, Secretary for Trade, said in the Commons recently, when announcing the results of his civil aviation policy review, that he did not think Skytrain would be viable under present market conditions, and that he was therefore not proposing to allow it to start.

Since then Mr. Laker has been campaigning vigorously to make Mr. Shore change his mind, and his opinion poll is the latest step.

Market and Opinion Research International took a sample covering 1,016 adults living in the Greater London area.

"The findings from this survey have reinforced the results of previous studies, which suggested that not only is there an enormous potential market for a Skytrain-type of service, but that a large part of that market does not constitute a market for the existing scheduled services between London and New York," says the survey.

SDN seeks six-months reprieve

THE CHAIRMAN of the Scottish Daily News workers co-operative has appealed to the Government to give his ailing newspaper another six months to prove that it can stand on its own feet.

The paper is in the hands of a provisional liquidator and faces closure at the end of next week unless a buyer or more capital is found.

At a rally in Glasgow, attended mainly by the 500-strong workforce and their families, Mr. Alister Blyth launched a final campaign to get the Government to keep the paper going.

"One of the main reasons why we have arrived at this very critical stage in our short life is that, as anyone in the newspaper industry will tell you, it takes at least a year for a newspaper to become established.

"We need a year. We are only half-way there—unfortunately, it has become quite clear now we were under-financed from the start."

ICI drug breakthrough in planned cattle breeding

BY RICHARD MOONEY

A BREAKTHROUGH in planned cattle breeding is claimed to-day by ICI. A new drug, Estromate, which it will begin marketing in the U.K. shortly, will "take a lot of the guesswork out of artificial insemination (AI)," it claims.

The company says two injections, of Estromate, an analogue for a naturally occurring substance crucial to the breeding cycle, can be guaranteed to bring a cow into heat within 72 hours—thus eliminating the need for heat detection in AI planning.

The main advantage of this will be for heifers and beef suckler cows which do not pass through the milking parlours and thus difficult to monitor. It could also help farmers to avoid calvings at inconvenient times such as week-ends.

ICI estimates a package deal including two Estromate injections (administered by a vet) and two professional inseminations will cost £7-£8 per cow. Against this must be set the cost in lost production of missing a heat, which could be around £20.

Estromate, which, ICI stresses, is not a fertility drug, is the result of eight years of research including two years of trials involving some 20,000 cows. It will be the first heat control preparation to become commercially available and as such has been instrumental in the Milk Marketing Board's recent decision to quote AI charges on a sliding scale for insemination sessions involving 10 or more cows.

British Rail chief attacks Government interference

A FUNDAMENTAL review of the Government's relationship with nationalised industries, particularly regarding State intervention affecting major policy decisions, was urged yesterday by Mr. Richard Marsh, British Rail chairman.

Mr. Marsh, a former Transport Minister, said more authority had to be devolved upon quasi non-Governmental bodies like the nationalised industries.

Speaking on a BBC radio programme, he added: "You cannot hold me or any of my predecessors in British Rail accountable for the results of this organisation, because Parliament has intervened so often that at the end of the day, no one is accountable for anything.

"We are trying to do a job through our political system of Government and Parliament, which neither was designed to do. You cannot do a job, that of the complexity and size of running a nation, as if you were running a small engineering firm."

Economic indicators of the industrial mood

BY ANTHONY HARRIS

IN THE week of the "industrial summit" at Chequers, there is also an unusually heavy list of economic indicators, which will be watched closely for signs of the industrial mood, the Government progress in getting public expenditure under control, and the impact of its present spending on the money supply.

The official reserve figures to-morrow are the first of the series to appear. Exchange markets have recently been much quieter, and sterling has been rising against the dollar in the last few days. But earlier in the month, sterling was relatively weak, and it is only in the second half of the month that the present very wide interest differential in favour of London has opened up.

The Government's own thoughts on industrial policy, contained in a brief document sponsored by Mr. Denis Healey, the Chancellor and Mr. Eric Varley, the Secretary for Industry, will be published to coincide with the Chequers meeting on Wednesday.

The banking figures on Wednesday are expected to indicate a further sharp rise in the broadly-defined money supply. The standstill in the gilt-edged market has prevented the authorities from funding more than a fraction of the record public sector borrowing requirement, and unusually large non-bank purchases of Treasury bills are only a small offsetting factor.

The official figures for the reserve position of the banks, which has been getting steadily easier, will also appear, and a further rise in reserve ratios is generally expected. This will reinforce the market's expectation of an early call for special deposits, to keep some check on the growth of the liquidity of the banking system—and also, perhaps, to reduce the necessity to issue still more Treasury bills.

The authorities appear resigned to an unusually fast rise in the monetary aggregates in the immediate future, but are under increasing pressure to mop up some of the excess liquidity in the system in spite of the absence of any private demand for credit.

The main reason for this is the rapid improvement in industry's liquid position, which has been marked in the official figures for some months; at present industry is almost certainly in modest financial surplus, after the huge deficits of recent years.

This financial improvement is the result of destocking and tax concessions. Profits, however, remain a subject of acute concern.

The relief from financial strain is likely to be reflected in the tone of the CBI quarterly survey of industrial trends, whose results are to be published on Thursday.

HOME NEWS

PM calls for co-operation in battle against inflation

BY OUR INDUSTRIAL STAFF

THE PRIME MINISTER appeals to industry and trade unions to work with the Government to tackle the problem of inflation, in a document published to-day by the Confederation of British Industry.

A *special issue of the CBI* quarterly review concentrates on the problem of what lies ahead for Britain *in the next 12 months*. In addition to the viewpoint put forward by Mr. Harold Wilson, the leaders of the other two principal political parties, and the TUC general secretary, and the director general of the CBI, *add* their contributions.

The Prime Minister emphasises the need to base measures to *tackle inflation upon consent*. "All of us—Government, industry and the trade unions—must now combine to maintain the momentum of discussion and planning if the effort to solve our national economic problems is to be *sustained*."

Mrs. Margaret Thatcher, the leader of the Opposition, argues for a greater understanding of the role of profits in business and urges increased profitability as the way to boost investment.

She says "British business is more likely to be efficient through competing in world markets with all-comers, than by shrinking into a siege economy."

She adde that it is essential "*to resist the growing demands* for import controls."

Mrs. Thatcher also calls on the *Government to plough back into* investment in industry all the revenues it receives from North *Sea oil*. "Otherwise, we shall squander a valuable national asset in supporting current living standards and shall fail to guarantee future economic strength," she says.

For the Liberals, Mr. Jeremy Thorpe maintains that the development of industrial democracy is absolutely crucial *to the fight against inflation*.

Mr. Len Murray, of the TUC, says workpeople will have to change many long-held attitudes and assumptions, but in return, both Government and management will have to change their *thinking*.

Mr. Murray calls in the review *for* more Government action to beat rising unemployment. "Selective Government action to curb and eventually reverse the rise in unemployment in the U.K. *is urgently needed*."

While he welcomed the measures taken by Denis Healey, Chancellor of the Exchequer, and Eric Varley, Industry Secretary, in September, "We pointed out that *a broader programme of* expansion was still needed."

Mr. Murray, reinforcing his earlier *calls for import controls*, says: "Perhaps the single most acute anxiety at present is the growth of imports in particular sectors, and the implications of this not only for jobs in the short term but also for the existence of major sectors of British industry.

"That is why the TUC has *been urging the need for selective* import controls."

The need for the nation to welcome and encourage change is the theme of the article by Mr. Campbell Adamson, of the CBI, who says: "The first *priority is a change in the whole* attitude towards growth and industrial profitability as the vital trigger for growth."

● Import controls would allow the Government to expand the economy without waiting for a recovery of world trade, the Labour Research Department suggests. It argues that curbs on foreign goods would not lead to *retaliation* because other countries have more to lose.

Company profits fall continues

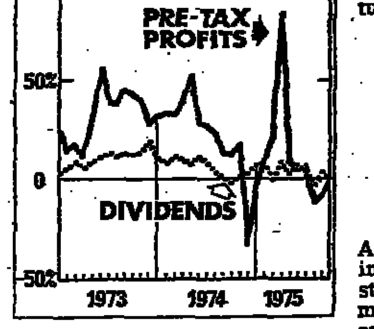
By Ron Putland

PRE-TAX profits of companies reporting last month continued *to decline*, although at a more modest rate than in recent months.

The 89 companies that published their full accounts in October produced pre-tax profits of £150.7m., compared with £155.3m. a year earlier, a fall of 2.9 per cent. This is a better performance than in September, *when there was an* 8.4 per cent. shortfall, and in August, when profits were down by 11.3 per cent.

Only one leading company (Great Universal Stores) reported last month.

Dividends payable to shareholders last month amounted to £24.9m., down 2.5 per cent. *on October, 1974.*



Plastics processors seek 'little Neddy'

BY RAY DAFTER

THE plastics processing *industry* is seeking its own "little Neddy" within the National Economic Development Office to emphasise its importance in the U.K. economy.

The sector steering *committee* has applied to be taken out of the chemicals "little Neddy" and to be given greater status of its own. Mr. Ron Lewis, chairman of the committee and president of the British Plastics Federation, said such a move would give "fresh impetus to a much neglected industry."

The move by the processing sector underlines the difference of interests in the overall plastics *industry. On many occasions it* has been difficult to reconcile the aims of material manufacturers—companies like ICI, BP, Shell and Esso—with their customers which process the plastics into consumer and engineering products.

It is estimated that there are some 2,300 processing companies in the U.K. Last year they converted between £630m. and £650m. worth of materials into products with a sales value *of around £1.5bn.*

According to the Plastics Federation, which is itself driving for a higher membership among processors, the sector has a capital base of around £733m. and some 156,000 employees.

Processing companies are having a lean time because of *the general economic recession.* As a result material suppliers are now operating plants at 50 to 60 per cent. of capacity.

Brokers forecast rise in demand in mid-1976

BY ANTHONY HARRIS

A "SIGNIFCANT RECOVERY" in demand, led by exports and stockbuilding, is forecast from mid-1976 by stockbrokers Phillips and Drew, whose monthly economic forecast, published to-day, *provides its first estimate to* mid-1977.

Real growth of 4½ per cent. in the year to July 1977 is forecast, *even* in the absence of any Government action to stimulate the economy. This is thought *unlikely because of difficulties* in attaining the Government's inflation objectives, and in securing a satisfactory second-phase agreement on wage restraint.

The forecast points out that the Government will face a number of painful dilemmas in the next few motnhs, before recovery begins.

The brokers expect that the Government will announce further cuts in public spending of £1.5bn., on top of the £1bn. already announced, but say that this will not be enough to prevent an accelerating growth in the money supply: this would require a cut of nearly £3bn.

A compromise solution is also forecast on import controls where the Government is expected to yield to demands for temporary and selective restric*tions where dumping by im*porters can plausibly be argued, but will refrain from wide-ranging restrictions for fear of retaliation.

Inflation is forecast to average 13½ per cent. from now to the end of 1976, while the negotiations over future wage policy "are likely to take place when inflation is still running at 16-17 per cent."

Housing finance reform plan

BY MICHAEL CASSELL

A 10-YEAR plan for the reform of housing finance has been put forward by the Housing Centre Trust.

The Centre *has submitted* evidence to the Government's present review of housing finance and says that its proposals should be broadly acceptable to all the various interest groups as well as being fair in its effect on individuals.

The main recommendation is a series of financial measures calculated to give the necessary confidence to central and local Government, building societies and builders for a house building and improvement programme.

The measures are designed to share Exchequer housing aid funds fairly between owner-occupiers and tenants in subsidised property, to allow for maximum freedom of housing *choice and to ensure efficient use* of money, manpower and materials.

In the private sector, the centre suggests that help should be confined to those people most in need. Tax relief would only be given on new mortgages at the standard rate and a "one-man-one-mortgage" principle established which would provide less favourable terms than at present for the owner who could *afford to exchange his property* for one costing more.

In the public rented sector, a national housing account is proposed in which the pooled loan charges of all authorities are divided by the pooled values of all houses in council ownership. A formula would allocate an annual target contribution to the *account by each local authority* leaving it free to fix individual rents. A system of surpluses and deficits would help to even out pressures due to chances of history or location.

The centre also suggests a common rate of tax relief subsidy to be applied to both mortgage interest and local authority charges. It should start initially at 11 per cent. and be gradually reduced over the 10-year period.

Fewer cases for Public Trustees

ATTRACTING new business to the Public Trustee's office has no quick or easy solution, says Mr. H. H. W. Duffy, the Public *Trustee, in his 1974-75 report to* the Lord High Chancellor.

"Although there are signs of increases in the number of acceptances, there is no immediate prospect of reversing the decline in the number of *cases under administration*," he adds. The number of cases accepted in the year to March 31 rose slightly from 128 to 146 but their value fell by over £1m., while completed administrations (735) remained at about the same level.

"Previous experience suggests that occasional advertising in the national Press produced insufficient new business to justify renewing that campaign but consideration is being given to selective advertising in local Press and house journals."

The year ended with a provi*sional deficit of £413,908*, compared with the previous year's adjusted deficit of £56,893.

Sixty-seventh Annual Report of the Public Trustees, 1974-75; SO: 20p.

Fewer renovation grants approved

THE NUMBER of home improvement grants being approved is nearly 70 per cent. below the peak levels of 1973, according to the National Home *Improvement* Council.

In a letter to Mr. Reg Freeson, Minister for Housing and Construction, the council expresses concern at the "appalling slump" in activity in house renovation. For local authorities the fall was almost 80 per cent.

Mr. E. G. Plucknett, chairman of the council, has told Mr. Freeson that the latest Government figures, which showed a substantial drop in renovation grants in the third quarter of this year, did not indicate the full severity of the decline because the 1974 performance was significantly down on the preceding year.

The council says that between January an dSeptember total grants approved were just over 48 per cent. down on the same period of 1974, and over 68 per cent. below the equivalent nine months of 1973.

£10 dine-dance ferries for Belgium

BY JAMES McDONALD, SHIPPING CORRESPONDENT

TOWNSEND THORESEN Car Ferries is offering a round trip in its newest ship, Viking Valiant, on the Felixstowe-Zeebrugge *route for £10, which in*cludes a three-course dinner, discotheque dancing, cabin accommodation and continental breakfast.

Dine-Dance sailings leave Felixstowe at 4 p.m. on Fridays and Saturdays. On arrival in Belgium there is a two-hour shop-ovr and passengers may go ashore although the dining and dancing continues. The ship arrives back at Felixstowe at *breakfast time the following* morning.

These special no-passport trips are aimed particularly at parties of friends or groups organising club or company outings. Arrangements for coach travel can be made for groups of 30 or more.

Leftists may be gaining ground in Beirut

BY IHSAN HIJAZI

BEIRUT, Nov. 2.

SECURITY committees representing the rival factions to-day began the process of applying new measures aimed at enforcing yet another cease-fire—the 12th in the past six weeks.

The committees were formed after a meeting held by the Prime Minister, Mr. Rashid Karami, which went on for most of the night and into the early hours of the morning.

Afterwards the Prime Minister said that if the new measures were carried out, life in the country would begin to go back to normal; the Lebanese, who would have been virtual prisoners in their houses, could venture out to the beaches to-day.

But only a few fishermen were seen along the coast. In fact a part of the seafront remains one of the hottest confrontation areas here.

Militiamen of the Rightist Phalangist Party are holding on to their positions in the main international hotels along the front while Leftist armed men have been intensifying the pressure to oust them.

Sporadic shooting and explosions continued to be heard throughout the day despite the new truce.

It is thought that at least 30 people died in Beirut and in the Bekaa Valley in eastern Lebanon to-day.

The combatants are no longer satisfied with shooting it out from fixed positions but have been trying to gain territory. They have made claims and counter-claims as to who is winning on the ground. The daily newspaper Al Moharrer, which reflects the views of the combined Leftist forces, said in its main story that the military position of the Phalangist Party had collapsed, that Phalangist militiamen were running out of ammunition and that the Phalangists hoped to receive emergency supplies by air to-day.

Phalangist sources, on the other hand, said that they had pushed back the Leftists in several districts and put them on the defensive. The sources also charged that the Palestinian Commando Movement had been fighting in full strength on the side of the Leftists.

Independent observers, including Western sources, believe the Rightists have been losing ground, are running short on ammunition and are cornered in several parts of the country. They noted that the Leftists have had easier access to ammunition by routes to neighbouring Syria.

A statement on Friday by the Socialist leader Mr. Kamal Jumblat reflected the confidence the Leftists are showing. Consulted on the possibility of expanding the present six-man Cabinet of Mr. Karami, he said that "Half the seats in the new Cabinet should go to the Leftists."

Israel plans to send more cargoes through Suez

BY L. DANIEL

TEL AVIV, Nov. 2.

WITH the first Israel bound cargo—8,500 tonnes of cement from Constanza which is being carried by the Greek vessel "Olympus" to the Israeli Red Sea port of Eliat—now passing through the Suez Canal, plans are already afoot for the further despatch of cargoes through the canal. This is in view of the last minute difficulties which were encountered by the Greek skipper of the vessel in getting hold of the passague dues which had been sent to a Cairo bank. It is not clear as of now whether the hold up was one of red tape and inefficiency was caused as a deterrent.

Smooth passage for future cargoes is a *sine qua non* for a reduction of the insurance premium by Lloyds. Australian exporters to Israel are following developments closely in connection with their shipments of wool and meat to Israel.

Illegal Spanish parties unite in freedom call

BY ROGER MATTHEWS

MADRID, Nov. 2.

IN A RARE display of unity all Spain's illegal opposition parties last night issued a joint statement declaring that they were going to step up their fight for democracy, based on the popular will of the people.

The parties, which range from the extreme Left through the Communists, Socialists, Christian Democrats, and regional parties to the Social Democrats, said they rejected the laws of succession dictated by General Franco and demanded a referendum to decide the constitutional future of the nation.

Among their specific demands were the release of all political prisoners and the return of exiles, the introduction of full human rights as recognised by international agreements, free trade unions, the rights of all political parties to organise freely, and universal suffrage to decide via a constituent assembly on the most favoured form of government for Spain.

These aims would be pursued, according to the communique, by the mobilisation of the people through a series of peaceful actions. At a Press conference last week the Communists, who are the leading faction in one of the country's two main alliances, the Democratic Junta, said they were planning to stage a massive general strike when conditions were ripe.

The Junta added that talks were being held with the Democratic Platform, the other main opposition alliance, the fruits of which were seen last night in the joint communique. A planned Press conference had to be abandoned because of police action.

Meanwhile Prince Juan Carlos has been continuing his extensive talks with a range of Centrist and Right-wing politicians. In order not to upset the extreme right too rapidly he has seen Senor Jose Antonio Giron, a former Franco Minister, and has been getting another view on the regime of the past 36 years from ex-Foreign Minister Senor Ramon Serrano Suner.

The latest bulletin on General Franco said that he was still gravely ill but had taken Communion this morning in the presence of his family. His temperature had tended to fluctuate during the day although the internal bleeding had almost stopped. In a newspaper interview his sister said that the family was praying for a miracle.

U.S. TECHNICIANS ARRIVE

By Our Own Correspondent

TEL AVIV, Nov. 2.

THE first group of American technicians which is to be posted at the forward electronic listening posts on both the Egyptian and Israeli sides of the strategic Sinai passes has arrived in the Middle East, some of them in Israel. The men, all volunteers, have signed for periods of up to three years. A few of them are Vietnam veterans. They are likely to tour the area in which they are to be stationed within the next few days.

'New York default would threaten U.S. recovery'

BY GUY DE JONQUIERES

NEW YORK, Nov. 2.

IF NEW York City is allowed to default the impact will damage the U.S. economic recovery and increase the number of unemployed across the country, according to a new report published by the joint Economic Committee of Congress this week-end.

The report said that a default would push up interest rates and make banks more cautious in their lending policies. Higher borrowing costs will force state and local governments—which account for about 15 per cent. of gross national product—to cut back their expenditures.

As a result, the report forecasts, the rate of real economic growth in the U.S. will be reduced by a full percentage point between the final quarter of this year and the last quarter of 1976, and the number of unemployed will rise by 300,000.

The committee, which is chaired by Senator Hubert Humphrey of Minnesota, sharply disputes President Ford's claims that a default by New York would have only insignificant repercussions on the rest of the country and says that the ultimate cost of denying Federal aid will be much higher than that resulting from temporary Federal guarantees of the City's borrowings.

Without Federal assistance, the committee says, the City will have to cut its budget for basic services by *half* in the first three months of next year. This would have such a devastating effect on basic city services that it cannot be considered a viable option.

Despite Mr. Ford's threat to veto any Federal aid legislation last week, both the House and Senate banking committees have now approved broadly similar proposals to guarantee the City's borrowings before or after a default. But the outlook for the bills on the floor of both Houses remains extremely uncertain.

Meanwhile, New York City authorities have turned down a mysterious offer of a loan of several billion dollars, supposedly from Arab sources it was disclosed this weekend.

A spokesman for Mayor Abraham Beame said that the rejection had nothing to do with the fact that New York has a large Jewish population. The reason was that the offer was hedged about with too many unacceptable conditions.

The loan offer was first reported by Jack Anderson, the syndicated columnist, who said that it was made on September 5 and withdrawn on October 20. He said that the offer was for $2.8bn. in Arab funds deposited in Europe and elsewhere, and that it was conveyed to the mayor through a New York lawyer.

According to the mayor's office, there followed a long series of communications with intermediaries in New York and in London, in which the size of the loan offer varied between $1bn. and $3bn. The exact sources of the money were never identified, and if the loan had been made it would have been channelled through the Burlington Bank in London.

City officials said that they rejected the offer because the lender insisted on loan guarantees by big New York City banks—which could not be obtained—and a very high rate of interest of 8.8 per cent. compounded annually over 20 years. There could also have been legal problems arising from the City's debt limit.

Portugal faces week of tension over Angola

BY JANE BERGEROL

LISBON, Nov. 2.

A TENSE week lies ahead for Portugal in the build-up to Angolan independence on November 11. There are risks of more extremist violence as the right tries to force the sixth Government's attitude on Angola towards neutrality and the left tries to steer it towards outright recognition of the socialist Popular Movement for the Liberation of Angola as the sole representative of the Angolan people.

Showing further determination to crack down on leftist armed militias, Portugal's Revolutionary Council has decreed that armed brigades in possession of military weapons will be tried before military and not ordinary civilian courts. In a series of tough measures published over the week-end the council also set up special military courts for trying the former PIDE—Caetano's political police—and for trying officers involved in the two unsuccessful Spinolist coups. The council has also decreed the recruiting of more ex-soldiers into a new prison guard paramilitary force.

The two ex-officers who were arrested in a Braga Catholic seminary on Friday, both of whom were involved in the failed March 11 coup and fled to Spain with Spinola, have now been brought to Lisbon's Caxias jail for interrogation. The circumstances of their arrest link Spinola's clandestine Democratic Movement for the Liberation of Portugal (MDLP) both with the Catholic Church and with Angolan refugees in Portugal.

Braga townspeople alerted the local police and military after a number of "well-dressed" people entered a local church and an unusually timed mass was held. The church doors later clanged shut and the "*congregation*" apparently adjourned for a secret meeting in the adjoining seminary, being used as a refugee centre. Police found the two officers hiding under Angolan refugees' beds in the seminary. More searches are under way in the north to check on reports of other Spinolists' illegal entry into the country.

The Angolan refugees who have flooded into Portugal prior to independence on November 11 have now organised themselves into a number of associations and are putting out a weekly newspaper. There is some fear they will clash to-morrow in Lisbon with a major demonstration organised by the left in support of the socialist Popular Movement for the Liberation of Angola (MPLA), as many of the refugees are said to support the two other liberation movements and are bitterly opposed to what they see as the risk of Portuguese Government recognition of the MPLA as the sole representative of Angola.

Reuter reports from Luanda: The three warring liberation movements in Angola have ceased fire, Portuguese Government sources said here to-day. They said the pause in the fighting which came into effect at dawn yesterday, was to allow for OAU-sponsored talks in Kampala aimed at a peaceful end to the conflict.

The Portuguese sources said the ceasefire agreement meant none of the three armies could advance beyond positions they held as of yesterday.

Italy Communists will not press for election

BY DOMINICK J. COYLE

ROME, Nov. 2.

THE ITALIAN Communist Party has now followed formally the attitude of the Socialists in rejecting the taking of any initiative which could result in an early general election, thus seemingly extending for the foreseeable future the life of the present minority coalition administration of Mr. Aldo Moro, the Prime Minister.

Following the June 15 regional elections here, in which the Communists made sweeping gains, there was widespread speculation regarding an imminent collapse of the Moro government, but the indications now are that the Communist Party in particular is in no mood to bring about a new government crisis.

Sig. Enrico Berlinguer, the Communist Party's secretary, said following a meeting of the Party's central committee that the Communists have no wish to create political vacuums and therefore were opposed to early national elections. A similar policy statement has already come from the Socialists whose external support has kept the present two-party Government in office.

The immediate strategy of the Communists is relatively simple. The party is anxious to enter Government through the normal democratic process and appreciates that the full realisation of the so-called "historic compromise" can only emerge in a grand alliance with the ruling Christian Democrats shorn of its Conservative and often neo-Fascist right wing.

Innocenti ultimatum stays

BY DOMINICK J. COYLE

ROME, Nov. 2.

INNOCENTI, British Leyland's troubled Italian subsidiary, is apparently maintaining its ultimatum to close down its Milan plant if the Government and the trade unions here do not agree to 1,700 immediate redundancies, or roughly one-third of the company's total labour force, but the deadline has now been moved back from to-morrow.

Innocenti originally announced a November 3 deadline for agreement on a sharp cutback in the labour force, or alternatively a complete closure of the company, but it is understood that Innocenti has now agreed to an Italian government request to delay action pending further talks with senior British Leyland executives, probably later this week.

Mr. Peter Shore, the Secretary for Trade, discussed the Innocenti problem with his Italian opposite number Sig. Circiaro De Mita, during his visit here last week but British sources said later that Mr. Shore felt that reorganisation measures at the Innocenti works were essentially a matter for the company and did not require any direct Ministerial intervention or initiative.

Cambodia, Thailand accord

BY OUR OWN CORRESPONDENT

BANGKOK, Nov. 2.

FULL diplomatic relations at ambassadorial level between Cambodia and Thailand were announced in a joint communique published simultaneously in Bangkok and Phnom Penh to-day, concluding a successful five day diplomatic mission to the Thai capital led by Khmer Deputy-Premier, Iang Sary.

The delegates of the two Governments also agreed to open both rail links and liaison offices at border towns. Cambodia will also accept those Khmer refugees in Thailand, estimated at 10,000, willing to return, while Thailand has promised to keep those who stay behind out of politics.

The actual exchange of envoys awaits "a date convenient to both countries," but the Thai Foreign Minister, Chatichai Choonhavan, said he thought this would occur before the end of the year.

It was surprising that nothing more substantive on trade came out of the meeting other than the agreement for later discussions. Speculations prior to Iang Sary's arrival pinned the real motive for his first Khmer visit to a non-Communist capital on urgent need for rice and fuel which the Thais were willing to sell as the price of diplomatic recognition. But diplomatic relations were established without coresponding concrete trade agreements.

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $190.94 (air freight) $381.88 (air mail) per annum. Second class postage paid at New York, N.Y.

OVERSEAS NEWS

Mozambique: Between revolution and pragmatism

BY BRIDGET BLOOM, RECENTLY IN LOURENCO MARQUES

IMMACULATELY COIFFURED Portuguese dowagers sip tea in the Polana Hotel at Lourenco Marques between the hours of four and six. A few hundred yards away, down the Avenida de Nossa Senhora de Fatima, Black garden boys water the luxuriant gardens of 30-room mansions. At pools dotted throughout the leafy suburbs, slim young women, their babies watched by benevolent Black nannies, gossip away the hours as their tans deepen.

Independent Black-ruled Mozambique was four months old on October 24. Has nothing changed since the days when the Portuguese ruled their East African colony? First impressions of minimum change are very misleading. The new Mozambique flag flies above the elaborate curlicues of the Polana's facade. Frelimo troops guard the ministries scattered about the town. In good Portuguese fashion, there is a plethora of posters on walls and shop fronts, while huge pictures of President Samora Machel and Frelimo's founder, the late Dr. Mondlane, stare down from the Town Hall and the Railway station.

It may be fanciful to see in the dowagers a parallel with the Russian aristocracy immediately after the Soviet revolution. But the new Government is more uncompromisingly socialist than any black Africa has yet seen, in intention at least, and quite probably soon in practice. This fact is gradually coming home to Black and White Mozambiquans alike, but in these immediate post independence days there is an air of unreality, confusion and, just under the surface, tension.

The unreality comes partly from the speed of the transfer to Black rule—it was after all only 18 months ago that the Caetano Government in Lisbon, fighting Frelimo "terrorists," swore it would never give up in Africa, and only a year ago that the Mozambique transitional Government, with Portuguese in the cabinet and Portuguese troops still in the country, was set up. But the unreality—and the confusion and the tension—comes mainly from the imposition of a Black and, more important, a toughly Marxist Government on top of an avowedly capitalistic and colonial bureaucracy and economy. What the new Frelimo Government intends for the country is clear to anyone who reads the newspapers. In speech after speech, the President and his Ministers make the point that the structures of Government and the mentality inherited from the past must be destroyed so that a new society, for the benefit of the masses, can be created. There can be no reforming these structures—they must go, even though the country's lack of trained personnel will lead the country into crisis. "We shall become technically qualified in the process of the revolution, as we learnt to win the war by fighting the war," declared a key statement, issued at the end of a three weeks' Council of Ministers meeting in July.

This is tough medicine indeed: if administered it would mean destroying the country's economic institutions; it would mean abandoning not only the present bureaucracy but the people who man it (90 per cent. of whom are White and were there under the Portuguese). No other African country, not even Tanzania, has taken such a drastic course. The question now confronting Mozambiquans is whether the victorious Frelimo (which for the time being is only a tiny minority of the country's 9m. people) will follow its ideology through.

In the last four months Frelimo's ideology has been tempered with pragmatism. The prime concern of the new Government appears to be domestic, in particular the consolidation of its power base. On the one hand is the attempt to get the Frelimo message down to the people, both through the formal organisation of the party at central, provincial, district, and community level, and through the "groupas dynamizadores," small groups of militants operating within factories, hotels and offices whose aim seems to be a mixture of political education and worker control.

On the more formal side comes the reorganisation of the army, the police, and an extremely tough new security law. Observers believe that the army, which was perhaps up to 10,000 when the Portuguese coup put an end to the war, may be doubled over the next couple of years, but only recently was the decision finally taken to pay the troops and apparently to introduce some form of regular army grading. The police, apparently incorporating many of those who served the previous regime but not the 600 Portuguese officers whose contracts end in December, are also being reorganised.

But the new Government's concern with security and perhaps its intention to brook no opposition to its ideology can be seen from its decision, made public earlier this month to create the National Service of Popular Security or SNASP. Responsible only to the President of Frelimo, who is also President of the Republic, SNASP's task is to "detect, neutralise and combat all forms of subversion, sabotage, and acts directed against the People's Power and its representatives, against the national economy or against the objectives of the Popular Republic of Mozambique." Its director may determine whether anyone apprehended for any of these reasons should be "given over to the competent police authority, sent to court, or to camps for re-education." There is no appeal. The article of the inherited penal code procedure, which permits recourse to habeas corpus, does not apply. SNASP's powers are retroactive to September 1974.

This law is one reason why many Mozambiquans believe that Frelimo will put its tough ideology into practice. (Though it is impossible to prove, it is said that the jails in Lourenco Marques are already full.) Another reason is the tough stand that Frelimo has taken on the churches, on privately owned schools and clinics, and on doctors and lawyers. Foreign mission activities are being firmly discouraged (there are at least five foreign missionaries in prison at present) with a particularly tough line taken against Jehovah's Witnesses. The bank accounts of these missions, and private or mission schools and clinics have been frozen and investigated, as have those of the lawyers in private practice (those who have not left are required to work for the state).

Among the estimated 80,000 White population who remain, (of 200,000 two years ago) it is the nationalisation of medicine which has caused most alarm. The measure is in many ways understandable from Frelimo's point of view. Medical services for Africans were almost non-existent under the Portuguese and the intention is to equalise and to create new and more suitable para-medical services. But the nationalisation has had two principal effects. First, the doctors themselves (almost all White) have begun to leave the country at an alarming rate (against some 300 two years ago there now are about 60 and may only be 30 by the year's end in the whole country). Second, their former patients (again mainly White) are also leaving in greater numbers because they cannot get the medical attention they are used to. Can it be, some Mozambiquans ask, that Frelimo has nationalised the doctors in the knowledge that they, and particularly their patients, will leave without having to be thrown out? Is this what they mean by "destroying the inherited structures of the past?"

> 'It could well be that within a year, with the decline of its own economy, Mozambique will become almost totally dependent on South Africa for foreign exchange earnings.'

For the time being the question is unanswerable—although if this measure, and possibly others to come, does result in an even larger White exodus, there can be no doubt that the economy of Mozambique, and many of its modern services, will go into serious decline. As it is, the future looks far from bright. In its first year of semi-independence (that is from the installation of the transitional government) the economy was helped by increased prices for its main exports—sugar, cotton, cashew and sisal—by the continuation of the transit trade with South Africa and Rhodesia, and most of all, by the presence in South Africa of some 130,000 Mozambiquan miners. Part of their pay, under an agreement with the Portuguese dating back to 1909, is remitted in gold at the official price, which is then sold on the free market to the advantage (for the last year) of Mozambique's foreign exchange reserves.

However, on the agricultural front, there has been a serious decline in production, partly as a result of the White exodus, partly because worker productivity has declined. Estimates by the Agricultural Department suggest that this year (the planting season is just beginning) maize and other local foodstuffs will be as much as [illegible]0 per cent. below 1973-74; most of the export crops will be down at least 30 per cent. Already Mozambique has had to import foodstuffs (from Rhodesia and Romania among other countries); there are currently bread and meat queues in Lourenco Marques.

As long as Mozambique can pay for food imports, the decline in food production need not be too serious, particularly if (as Frelimo hopes) the difficult few years ahead are used to restructure the agricultural system. But agricultural exports are also declining, which will mean that the country is more than ever dependent on the transit trade with its White neighbours, and particularly on South Africa continuing the gold payments.

This is obviously the main reason why the new Mozambique, ideologically hostile to White minority rule, has decided to adopt a wholly pragmatic approach to South Africa and Rhodesia, both of which still have consular (now renamed "trade") officials in Lourenco Marques. Rhodesian traffic through Mozambique has substantially declined in the last year, principally because Salisbury wanted to guard against eventual sanctions. But it could well be that within a year, with the decline of its own economy, Mozambique will become almost totally dependent on South Africa for foreign exchange earnings. That could give Mr. Vorster enormous power over his Black Marxist neighbour.

Of course Frelimo might decide that it was strong enough within the country, despite food problems and the increased unemployment which would result from stopping the miners going to South Africa, to cut all economic relations and "close" the economy. That would depend partly on what help would be forthcoming from elsewhere—and while there are many missions from Communist (and Western) countries in Mozambique to-day, there is no evidence that Frelimo is particularly dependent or willing to be dependent upon any of them.

If such a step were taken, Frelimo would be following its ideology with a vengeance. Mozambique's new rulers are determined people. But they can have few illusions about the difficulties of their situation and are bound to try, for the time being, to temper ideology with pragmatism. On four months' showing, it is impossible to say whether one would triumph over the other if it came to the crunch.

No more Ministers will quit Smith Cabinet

BY TONY HAWKINS — SALISBURY, Nov. 2.

MR. WICKUS DE KOCK, who resigned last week as Minister of Information in the Smith Cabinet, says he is not seeking support from other members of the ruling Rhodesian Front nor did he resign over "ideological issues."

In an interview Mr. de Kock declined to give the background to the events which led to his decision to quit the Smith Cabinet last Thursday. He said he would give Mr. Smith full support in his efforts to get a settlement and he also pledged his support for detente in Southern Africa. Denying that he favoured racial separation, Mr. de Kock said: "I believe in co-operation and not in fighting."

Sources in the ruling party were discounting rumours that Mr. de Kock's resignation would be followed by two other Ministers.

Mr. de Kock's denial of "ideological" differences with Mr. Smith tends to suggest that he quit more because of his dismay at Mr. Smith's handling of detente and relations with South Africa, rather than from disappointment over the party's rejection of a scheme for "confederation."

Meanwhile a further round of talks between Mr. Smith and the Nationalist leader, Mr. Joshua Nkomo, are anticipated this week. Mr. Nkomo says he favours calling a full-scale constitutional conference to discuss the Rhodesian situation—a conference to be attended by the other Nationalist faction headed by Bishop Muzorewa, White opposition political parties, and possibly also the traditional chiefs.

UPI reports from Dar-es-Salaam: Bishop Abel Muzorewa said the talks between Mr. Smith and Joshua Nkomo compromise the freedom of the Rhodesian people. He issued a statement saying the talks were "the unfolding of a long-standing secret deal between Nkomo and Smith."

The Bishop also claimed that Black nationalist leader Edson Sithole, who disappeared in Salisbury last month, is being held and tortured by Rhodesian security forces.

COURTNEY, POPE (HOLDINGS) LIMITED

PRELIMINARY STATEMENT FOR FINANCIAL YEAR ENDED 31st MAY, 1975

The audited result of the financial year ended 31st May, 1975 is as follows:—

	1975 000's £	1974 000's £
Turnover	9,046	8,027
Profit before tax	362	521
Taxation	189	283
Profit after tax	173	238
Earnings per 20p share (after Tax)	7.1p	9.7p
Dividend: (per Share)		
Proposed Final	2.548p	2.252p
Making Total for Year	3.598p	3.302p

In spite of an overall increase in sales amounting to £1.0m. (13%) profits before taxation declined by approximately 30%.

During the period under review, many retailers severely curtailed their capital expenditure and faced with the necessity of obtaining a larger share of a diminished market the combination of inflation and reduced margins has taken its toll.

Progress since the year end is regarded as satisfactory. Your Directors feel confident that we are well organised and equipped to take advantage of any recovery in the national economy and therefore feel justified in recommending an increase in the final dividend by the maximum permitted under current legislation.

Final Dividend Year to May 31st, 1975

Following cessation of transitional taxation requirements, the final dividend ex the year 1974-75 will be paid following the A.G.M. in December next and the interim dividend ex 1975-1976 will be paid in May 1976.

It is anticipated that all future ordinary dividends will again be paid in May and December of each year.

L. R. COURTNEY, *Chairman.*

COMPANY NOTICES

BANK OF NEW SOUTH WALES

NOTICE IS HEREBY GIVEN THAT a Final Dividend at the rate of 7% (14 cents per share Australian Currency) for the half-year ending September 30, 1975, will be declared by the Board of Directors at the Annual Meeting on January 30, 1976, as provided by Clause 105 of the Deed of Settlement and will be payable on January 30, 1976. London Register books will close for dividend purposes from December 31, 1975, to January 7, 1976, inclusive.

By order of the Board of Directors,

SIR ROBERT NORMAN, Chief General Manager.

Bank of New South Wales. London. October 31, 1975.

BRAZILIAN INVESTMENTS S.A. SOCIEDADE DE INVESTIMENTO

DECREE-LAW No. 1401

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Brazilian Investments S.A. Sociedade de Investimento, Decree-Law No. 1401, will be held at Avenida Rio Branco No. 138, Rio de Janeiro, Brazil, on Friday, 14th November 1975, at 4.30 p.m. for the following purposes:

1. To receive and consider the directors' report and accounts for the company, the audit council's opinion thereon, and that of the independent auditors, for the period ended 30th September, 1975.
2. To elect a member to the advisory council and re-elect the members of the audit council.
3. To establish the remuneration of the directors.
4. To establish the remuneration of the members of the advisory council.
5. To establish the remuneration of the members of the audit council.
6. To authorise the directors to establish the remuneration of the auditors.
7. To discuss other business.

Holders of International Depositary Receipts (IDR's) issued by Morgan Guaranty Trust Company of New York who wish to have the underlying Brazilian Investments shares voted at the above meeting must deposit their IDRs not later than November 7th, 1975, at any of the paying agents listed below: Morgan Guaranty Trust Company of New York, in Brussels—Avenue des Arts, 35, 1040 Brussels; New York—Wall St. 23, New York, N.Y. 10015; London—Lombard St., 33, London E.C.3, together with instructions indicating the way the shares be voted or allowing Morgan Guaranty Trust Company of New York to give a discretionary proxy to a person designated by the company. Report and accounts for the period ended 30th September, 1975, are available on request at the offices of the above paying agents.

PUBLIC NOTICES

HAMPSHIRE COUNTY COUNCIL

£3m. bills issued 29th October, 1975, due 29th January, 1976, at 11¼%. Total applications £29.5m. £17m. outstanding.

CLUBS

EVE, 189, Regent St. 737 0557. A la carte or All-in Menu. Spectacular Floor Shows plus the rhythm of Los Vera Cruz and music of Johnny Hawksworth & Friends.

GARGOYLE, 69, Dean St., London, W.1. STRIPTEASE FLOORSHOW SEX UNLIMITED. Show at midnight and 1 a.m. Hostesses. Monday-Friday. Closed Sats. 437 6455.

THE GASLIGHT—To get the big contacts 4 Duke of York St., St. James's S.W.1, offers superb luxury entertainment from 9 p.m. in a friendly way and our prices make sense. No membership required for out-of-town or overseas visitors. Reservations 734 1071 daytime. 930 1648 after 8 p.m.

PERSONAL

HAVE XJ6, WILL TRAVEL. Personal Service with prestige automobiles to limited number of clients. Write Box A.5298, Financial Times, 10, Cannon Street, EC4P 4BY.

BROAD STREET PLACE, E.C.2. 2,288 sq. ft. at second floor to let plus basement storerooms of 438 sq. ft. Lease till December 1981 with rent review September 1978. Rent £17,500 p.a.x. Apply Matthews and Goodman, 01-248 3200.

LABOUR NEWS

Blast furnaces public inquiry starts work to-morrow

BY CHRISTIAN TYLER, LABOUR STAFF

THE BRITISH STEEL Corporation will ask a public inquiry this week to guarantee the future of £500m. of new technology threatened by a labour dispute with blast furnacemen.

For the BSC, the inquiry is a test case for the whole field of union-co-operation in advanced technology as well as a means of resolving the pay dispute at Llanwern works in South Wales which brought the National Union of Blastfurnacemen to the brink of a national strike in September.

It will be for the three-man tribunal, which starts work to-morrow to decide whether to hear third parties such as the CBI who may wish to refer to other well-known case histories where failure to agree rates with unions has caused expensive new plant to stand idle for months.

BSC will submit a mass of written evidence before oral evidence starts to-morrow and will again stress that it cannot treat blastfurnacemen in isolation from other skilled steelworkers with whom their pay is linked.

The National Union of Blastfurnacemen will argue that the £10.31 a week rise offered by BSC for operating the new Llanwern furnace is insufficient, especially when set against the £5.50 a week rise for men on other furnaces.

Its evidence is expected also to refer to the difficulty of the work—the NUB often compares itself with the miners in this.

The NUB's case will be influenced by the fact that new technology over the next few years could cut its membership drastically, making this tough and independent union of only 16,000 members more vulnerable still to takeover.

Chris Baur, our Scottish correspondent, writes: There will be a gradual return to normal production at the British Steel Corporation's Ravenscraig plant, Motherwell, this week, following the week-end decision by coke oven employees there to end their 17-day strike.

The Corporation will begin bringing back the 2,000 men it had laid off and expects to have the steelworks operating normally in about ten days.

Building trade meeting on pay

BY OUR LABOUR STAFF

FIRST soundings for the next round of wage negotiations for about 1m. building and civil engineering workers will be taken to-day when unions and employers meet to consider how the cost of living has eroded the last pay deal.

The unions are not expected to press for cost of living adjustments despite a move by the Union of Construction, Allied Trades and Technicians to re-open such a deal, which has been overtaken by the £6 pay policy.

While UCATT voted against the £6 policy other big building unions are committed to supporting it.

Since the present deal expires next June, the unions may consider whether to wait until the following month when the present policy expires, or whether to start negotiating for the maximum £6 later this year.

Employers, especially building employers, will certainly resist a claim for the full £6 because of the state of the industry.

CONSTRUCTION STAFF JOIN APEX

The white-collar Association of Professional, Executive, Clerical and Computer Staff says it has made "big advances" in recruiting construction employees, and now claims a total of 5,000 members in the industry.

Pension and job safety call by TUC

By Our Labour Staff

PROTECTION for jobs in ailing industries and for pensions caught up in the economic crisis was advocated by senior TUC leaders at the week-end.

Mr. Jack Jones, general secretary for the Transport and General Workers' Union, revived his long-running campaign on behalf of the old with a call for the Government not to let their standard of living fall during the crisis.

This month old-age pensions are due to rise by £1.70 a week for a single person and £2.70 for a married couple. But, says Mr. Jones, a more up-to-date calculation against prices and earnings would suggest increases of £3.40 and £5.46 as the proper amounts. Fairer pensions would cost a great deal, he says, but there would be a saving of £400m. in supplementary benefits.

Meanwhile, Mr. David Basnett, general secretary of the General and Municipal Workers' Union, returned to the attack on unemployment and industrial policy with a speech in Glasgow

Mr. Basnett called for "urgent new action" on job losses, stressing that there were measures available to the Government that would save on the import bill and on unemployment benefit without damaging the counter-inflation strategy.

Reminding the Government of the success of the £6 pay policy, Mr. Basnett said this was "remarkable testimony to the restraint and responsibility of the British trade union movement."

Miners continue bid to buy coking plant

DESPITE SERIOUS technical obstacles, talks will continue this week on an attempt by leaders of 60,000 Yorkshire miners to take over and operate a coking plant near Barnsley. The plant, which employs 400 workers, is due to close later this week.

Mr. Arthur Scargill, president of Yorkshire's National Union of Mineworkers, put forward the union takeover plan last week after the National Carbonising Company announced the final closure date. Lengthy attempts had been made to keep open the plant, together with a sister works, at Rotherham.

In his closure statement, Mr. Dennis Stroud, NCC managing director, said he had offered both plants free to the National Coal Board if it would operate them. Hours later, Yorkshire NUM officials moved in with their offer to take on the Barnsley plant—if they were given it free.

Land price

Snags emerged, however, when the union was told that the free offer did not include the exclusive acreage of land involved

Mr. Scargill said at the week-end that despite offers by NCC to discuss a medium-term rental agreement, the whole problem now hinged around the land.

Some of this land is apparently mortgaged to the NCC bankers, and it is not yet known what their attitude to Britain's first-ever formal trade union co-operative, will be.

Mr. Scargill said: "I have repeated to NCC that our offer to take the plant off their hands and operate it, still stands. But this must include the land. We are willing to discuss some payment to the company for the coke in stock."

Convinced

Union leaders are convinced that they could speedily organise a union co-operative to run the plant at a profit, despite the obvious need for considerable capital expenditure.

Although the Yorkshire NUM is extremely wealthy by provincial trade union standards, it is considered unlikely that the union itself would attempt to finance any large-scale modernisation. An approach to the Government would seem likely if the takeover succeeds.

Another factor in the affair is the need by local glass companies for the coke oven gas produced at the plant. This is important, locally, as a glassworks fuel.

Hoover strike goes on

A strike by 140 machine setters at Hoover's domestic appliance plant in Cambusland, near Glasgow, is to continue. The strike—over the filling of vacancies and upgrading jobs—has so far caused 2,000 people to be laid off.

The men decided unanimously over the week-end to continue the stoppage and do not expect to meet again until Thursday.

BOND DRAWING

TELEFONAKTIEBOLAGET L M ERICSSON
9¼% Bonds 1985

S. G. Warburg & Co. Ltd., announce that the redemption instalment of U.S. $1,250,000 due 1st December, 1975 has been met by purchases in the market to the nominal value of U.S. $200,000 and by a drawing of Bonds to the nominal value of U.S. $1,050,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

12	40	67	94	122	150	177	204	232	258	287	315
341	370	396	425	450	478	508	534	561	588	616	643
670	699	725	754	780	807	836	862	891	918	945	973
1000	1757	1783	1812	1839	1866	1894	1921	1950	1976	2003	2032
2058	2085	2113	2141	2169	2196	2223	2249	2278	2307	2332	2361
2387	2415	2443	2469	2497	2525	2552	2580	2607	2635	2660	2690
2718	2744	2773	2798	2826	2855	2882	2909	2936	2964	2991	3018
3046	3074	3102	3127	3156	3184	3210	3238	3265	3293	3322	3348
3375	3402	3430	3459	3485	3513	3539	3568	3595	3621	3651	3677
3704	3733	3759	3787	3813	3842	3870	3898	3926	3951	3980	4008
4035	4063	4089	4117	4145	4171	4199	4327	4358	4386	4412	4442
4470	4495	4524	4550	4578	4606	4632	4661	4688	4716	4742	4770
4798	4824	4853	4880	4907	4936	4961	4989	5018	5045	5072	5099
5127	5154	5182	5209	5236	5265	5292	5318	5347	5373	5401	5429
5456	5483	5511	5538	5564	5594	5621	5647	5676	5702	5731	5758
5784	5814	5840	5868	5895	5922	5950	5978	6035	6062	6091	6117
6144	6173	6200	6228	6254	6282	6309	6338	6366	6391	6420	6447
6474	6502	6556	6584	6614	6641	6668	6696	6724	6751	6779	6805
6834	6860	6887	6917	6943	6972	6998	7025	7054	7080	7108	7151
7179	7206	7233	7260	7288	7316	7342	7370	7401	7429	7455	7483
7510	7538	7617	7643	7690	7717	7744	7771	7799	7827	7855	7881
7908	7937	7964	7990	8019	8046	8074	8101	8128	8155	8183	8212
8238	8266	8293	8320	8348	8375	8404	8431	8457	8486	8513	8540
8567	8595	8622	8656	8682	8709	8738	8766	8793	8837	8864	8891
8919	8945	8973	9001	9029	9055	9083	9111	9138	9165	9192	9220
9249	9275	9302	9330	9357	9387	9413	9440	9468	9495	9521	9550
9577	9605	9632	9659	9722	9750	9802	9829	9857	9884	9910	9940
9967	9994	10022	10048	10076	10104	10132	10158	10186	10214	10253	10279
10307	10335	10372	10418	10447	10474	10501	10528	10555	10583	10612	10639
10665	10693	10721	10748	10775	10803	10830	10859	10885	10912	10940	10967
10995	11022	11050	11077	11104	11131	11158	11189	11216	11242	11271	11297
11326	11352	11380	11409	11435	11462	11490	11517	11545	11572	11600	11627
11655	11681	11708	11738	11765	11792	11819	11846	11874	11902	11928	11956
11984	12012	12038	12066	12093	12124	12152	12179	12206	12234	12260	12288
12317	12344	12372	12398	12426	12454	12482	12508	12536	12564	12590	12618
12645	12672	12702	12727	12755	12783	12810	12837	12865	12893	12920	12948
12975	13001	13030	13058	13084	13113	13139	13167	13194	13221	13249	13277
13304	13331	13370	13398	13425	13453	13481	13508	13536	13563	13591	13619
13645	13682	13710	13736	13765	13790	13818	13847	13874	13901	13928	13956
13983	14010	14038	14065	14094	14121	14147	14176	14202	14230	14258	14265
14314	14340	14367	14395	14422	14451	14477	14505	14532	14560	14587	14613
14643	14670	14697	14725	14751	14779	14807	14834	14862	14889	14917	14942
14971	14999	15026	15054	15080	15108	15137	15162	15190	15218	15246	15274
15300	15328	15354	15383	15411	15437	15466	15492	15520	15547	15574	15604
15629	15657	15685	15712	15739	15766	15795	15821	15850	15877	15903	15932
15958	15986	16015	16041	16069	16095	16123	16151	16179	16206	16232	16261
16289	16314	16343	16370	16398	16427	16452	16480	16507	16535	16563	16590
16618	16645	16672	16699	16727	16756	16761	16810	16837	16864	16892	16918
16947	16975	17002	17029	17056	17084	17110	17139	17167	17193	17222	17247
17275	17304	17331	17358	17385	17413	17441	17467	17495	17522	17551	17579
17604	17633	17659	17687	17716	17742	17770	17797	17824	17851	17879	17908
17934	17962	17989	18017	18044	18070	18100	18127	18154	18182	18208	18236
18264	18291	18319	18346	18374	18399	18428	18456	18483	18511	18537	18565
18594	18619	18647	18675	18703	18731	18757	18785	18811	18840	18867	18894
18923	18949	18976	19004	19031	19061	19088	19114	19142	19169	19196	19223
19252	19279	19307	19334	19360	19389	19416	19443	19472	19498	19526	19553
19580	19608	19636	19663	19690	19718	19745	19771	19800	19828	19855	19883
19909	19937	19965	19992	20019	20047	20075	20101	20129	20156	20183	20213
20238	20267	20294	20321	20349	20375	20404	20432	20459	20486	20513	20541
20568	20596	20624	20650	20679	20705	20732	20760	20788	20815	20843	20870
20897	20924	20952	20980	21008	21035	21061	21090	21117	21144	21172	21199
21227	21255	21281	21308	21336	21365	21391	21419	21446	21474	21501	21527
21557	21584	21611	21639	21665	21693	21722	21748	21775	21803	21831	21857
21885	21912	21940	21968	21995	22022	22050	22076	22104	22133	22160	22187
22214	22242	22269	22297	22324	22351	22380	22407	22433	22461	22488	22517
22544	22571	22599	22626	22652	22681	22709	22736	22764	22790	22818	22846
22873	22900	22928	22956	22983	23010	23037	23064	23094	23120	23147	23175
23202	23228	23257	23285	23312	23340	23366	23394	23422	23449	23476	23504
23532	23559	23586	23613	23640	23670	23696	23723	23751	23778	23805	23833
23861	23889	23916	23942	23971	23998	24025	24053	24080	24108	24136	24162
24189	24218	24246	24272	24300	24327	24354	24382	24409	24437	24465	24492
24519	24547	24574	24601	24629	24657	24683	24712	24738	24765	24795	24821
24848	24876	24903	24930	24957	24985	25014	25063	25090	25118	25144	25172
25200	25227	25255	25282	25310	25336	25364	25391	25419	25447	25474	25501
25529	25555	25583	25612	25639	25666	25693	25721	25748	25776	25805	25832
25861	25888	25914	25942	25970	25998	26025	26052	26079	26107	26134	26160
26190	26217	26245	26272	26298	26327	26355	26381	26410	26436	26464	26491
26518	26547	26574	26601	26628	26656	26684	26709	26739	26766	26793	26822
26847	26875	26903	26931	26958	26985	27013	27040	27067	27095	27122	27151
27177	27204	27233	27259	27286	27314	27342	27371	27397	27424	27451	27479
27507	27534	27562	27588	27617	27643	27670	27700	27726	27753	27781	27808
27836	27862	27891	27918	27946	27974	27999	28028	28055	28083	28111	28137
28165	28193	28219	28247	28275	28303	28328	28357	28385	28411	28439	28466
28494	28523	28549	28577	28603	28631	28661	28686	28714	28741	28769	28795
28823	28852	28878	28906	28933	28960	28989	29014	29043	29071	29098	29126
29152	29180	29206	29236	29263	29289	29318	29344	29371	29400	29427	29455
29481	29509	29537	29564	29591	29618	29647	29675	29702	29768	29795	29823
29849	29877	29905	29932	29960	29985						

On 1st December, 1975, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30 Gresham Street, London EC2P 2EB,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st December, 1975. Bonds so presented for payment must have attached all coupons maturing subsequent to 1st December, 1975.

The following Bonds previously drawn for redemption on dates given below have not yet been presented for payment.

1st December, 1971
8234

1st December, 1972
7469 23623 23715

1st December, 1973

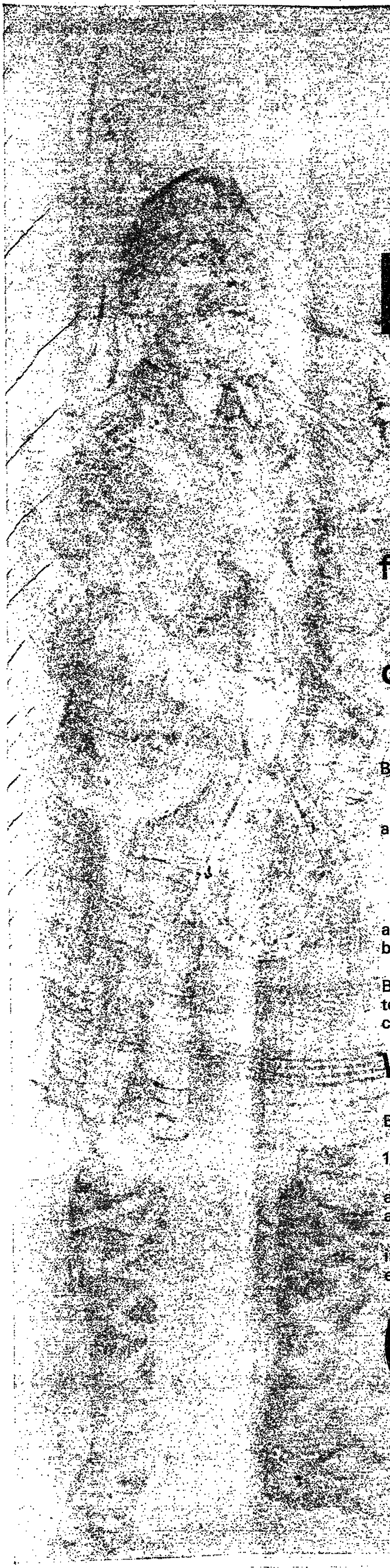
72	97	840	6865	7465	7489	8185	8210	8954	9721	10178	12768
12793	13225	19489	20065	22634	22921	24241	28034	29186	29330	29642	29665
29690	29763	29786	29811								

1st December, 1974

826	1865	1947	2106	2830	3071	3394	3474	4843	5809	6483	6807
6388	7467	7839	8303	9383	9625	11647	15600	20506	23563	26805	29942

30 Gresham Street, London EC2P 2EB.

3rd November, 1975



The Executive's World : The Office EDITED BY JAMES ENSOR

Last Friday the Mail Users' Association confronted the Post Office. **Roy Levine** reports on the talks and explains why we may be

Paying more for less at the Post Office

"THE PUBLIC has the wrong idea about what is a fair postal price," says Mr. Alex Currall, managing director of the Post Office's postal division. His attitude reflects the defensiveness of the Post Office following the public outcry at two substantial increases in postal rates this year. Yet, according to Mr. Currall, there could be more increases to come as well as cuts in the service, following the Government's new policy of requiring all public corporations to become profitable.

The latest round of increases was calculated to keep this year's deficit within the £70m. limits set by the Chancellor, Mr. Denis Healey. Perhaps optimistically, the Post Office hopes to break even on its postal account in the next financial year. Until 1968, when inflation was manageable, the Post Office was able to keep its charges in line with the retail price index. But since then first-class postage has more than quadrupled while the RPI has only doubled.

Addresses

The Post Office has simply not been able to keep its costs down even though the volume of traffic has declined since the peak in 1968. One reason is the steady increase in the number of addresses—about 250,000 new ones each year.

About half the total cost of the postal services come from collection, preparation and delivery of letters which are basically fixed charges. With the other half, mainly sorting, there is some scope for reducing overheads by automation, but the trade unions have restricted the use of some of the modern equipment.

Until recently U.K. postal rates compared favourably with most other countries. Even after the latest round of increases the absolute rates are below average as shown in the table. However, when compared with the general level of costs in each country, the U.K. rates begin to look expensive.

In comparing rates it has to be remembered that the U.K. and France are the only countries which operate a two-tier structure based on speed of delivery.

Another difference is that Britain is now one of the few countries whose postal service is not, in principle, subsidised by government; the user is being asked to pay for the shortfall, a process that hurts until it becomes custom. Not all users, of course, will take kindly to this. Business—which accounts for about a third of total traffic—is already mobilising itself to reduce non-essential mail costs. Companies are recommending economies to their staff which include dispensing with letters of acknowledgment, using second class mail only, reducing the frequency of postings and, in some cases, organising hand deliveries of letters (which is legal only if your own mail is handled).

In addition, some groups have been organising their own internal postal service. Lloyds Insurance Brokers Association was one of the first to explore this possibility. If it goes ahead it could be seen as a test case for others.

Direct mail and publishing companies, which represent about 15 per cent. of total traffic, have mobilised themselves against the new rates. Readers' Digest, which claims to be the biggest Post Office customer with some 80m. items posted each year at a cost of around £6m., reckons the latest increase in postal charges will add some £250,000 to the company's bill. Its business services director, Mr. Robin Fairlie, together with Mr. Julian Blackwell, a director of the Oxford booksellers, B. H. Blackwell, has formed a new pressure group called the Mail Users Association (MUA).

Ashley Ashwood

Mr. Robin Fairlie (left) and Mr. Julian Blackwell, co-founders of the Mail Users Association, in the shadow of the inventor of the Penny Post, Mr. Rowland Hill, at GPO headquarters in London.

Ashley Ashwood

Mr. Alex Currall, managing director of Britain's Postal Services.

At last month's inaugural meeting over 200 companies were represented: all had annual postal budgets in excess of £10,000 and together represented business worth £50m. a year to the Post Office. "If the Post Office does not listen to our grievances, we will withdraw our patronage," says Mr. Fairlie. It is not quite clear what legal alternative the MUA has in mind although it has already had a tentative approach from British Road Services.

The carrying of packages is not included in the Post Office monopoly and that market has already become a free-for-all. The real challenge lies in the carrying of letters. Quite recently the Reader's Digest gave up its own urban delivery service—representing less than 10 per cent. of its total deliveries—even though it claims the cost was a mere 3p a letter compared with the 13½p charge by the Post Office before rebates. If it were to revive it now, and other members of the MUA did the same, there could be a significant impact on the overall volume of Post Office traffic which has already dropped off by about 7 per cent. following the March price increases and another 3½ per cent. since September. These reductions were much in line with the Post Office's forecasts.

"The trouble with relying on historical precedents," says Mr. Fairlie, "is that whereas before increases were of the order of 10-15 per cent., this year's increases were in the order of 50 per cent."

There have been independent forecasts that traffic will now fall quite sharply and perhaps enough to cancel any benefits from price increases, causing a vicious circle. Certainly, there has been a noticeable swing from first to second class mail, but it would take a dramatic change in past trends before a collapse in traffic volumes.

If the bulk users withdrew from the conventional postal service there would have to be a corresponding rise in rates to allow for the higher costs of handling the difficult traffic.

What the Association wants essentially are: higher volume rebates, Government subsidies for some uneconomic deliveries (such as rural areas) and a chance to assess the Post Office's financial efficiency.

It has long been Post Office policy to give rebates for bulk business. The rebate, determined by negotiation, depends largely on the benefits (apart from bulk) that a user can offer, for example, presenting post in geographical order, and the debate here is purely on the size of the rebate.

Subsidies

As far as Government subsidies for uneconomic deliveries are concerned, such a move seems highly unlikely, especially in the current economic climate, even if it were practicable to divide the service up in this way.

Finally, the request to examine the Post Office books to see where savings can be made is no surprise. There have been 14 inquiries into the P.O. since it was incorporated in 1969; the Government has already announced its support for yet another: the Post Office Users National Council (POUNC), also set up by the Government in 1969 and a normally quiescent body, recently put forward its recommendations for saving two-thirds of the expected £300m. deficit expected this year without the September price rises.

One conclusion that the MUA will inevitably arrive at is that some services should be cut. In this, they will find complete accord at the Post Office as well as at POUNC, even though there may be some disagreement about which services should go.

A COMPARISON OF POSTAGE RATES (p.)

Country	Inland	Foreign surface letter	Air mail reply to U.K.	Last increase
U.K. (1st class)	8.5	10.0	—	Sept. 1975
Belgium	7.7	11.8	11.8	Dec. 1974
Denmark	7.1	10.2	10.2	April 1975
Eire	7.0	9.0	7.0	Oct. 1974
France (1st class)	8.6	13.0	13.0	Sept. 1974
Germany	9.2	12.9	12.9	July 1974
Italy	7.1	10.7	10.7	March 1975
Netherlands	9.0	10.8	10.8	April 1975
Brazil	3.0	10.4	19.1	Jan. 1975
Japan	3.2	8.1	16.2	Nov. 1973
U.S.: surface	4.9	8.8	—	March 1974
airmail	6.4	—	12.8	March 1974

Sterling equivalents converted at rate of $2.03=£1.

Mr. Currall claims that there is public support for cuts. "Over the past nine months we have received an increasing volume of criticism that our postal services are too generous." Recent meetings with businessmen, local authority managers and MPs in Manchester and Birmingham have made him doubly convinced.

He has made four proposals which were rejected by POUNC (which has its own list) but are are being discussed with the Government. The proposals are: eliminating Sunday collection; closing all Post Offices on Saturday afternoons; eliminating the second rural delivery; and reducing late collections (7 p.m. and after).

While the proposed cuts could save the Corporation about £20m. an additional ½p on postage rates would produce nearly twice that amount. That is one reason why, despite the cuts in services, rates will tend to increase anyway.

After the publicity build-up to last Friday's talks between the MUA and the Post Office, the event proved to be something of a damp squib.

Although Mr. Fairlie expressed his support for higher volume rebates, he made clear to Mr. Currall that it was not up to his Association to negotiate actual contracts — that would remain the domain of separate trade associations as well as the initiative of each Post Office client. He also intimated that although he expected mail traffic to fall, there would be no sudden withdrawal of MUA support of the postal service.

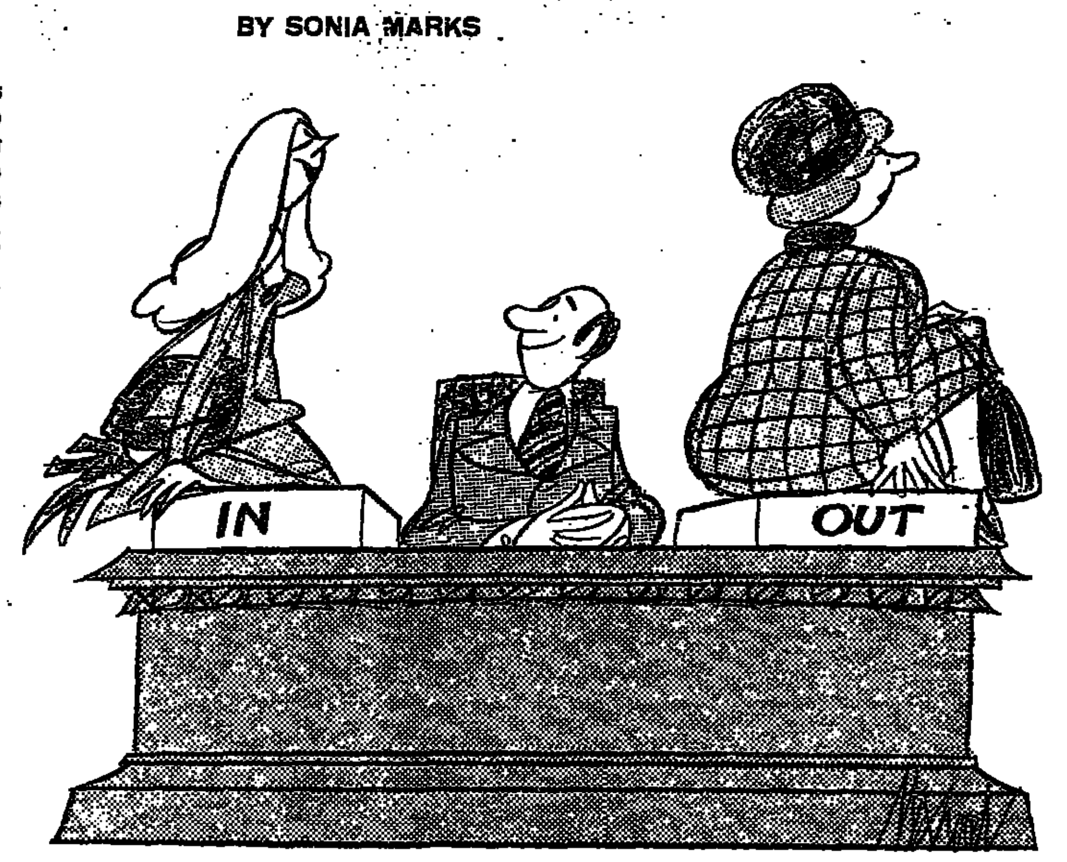
Following from the talks there may well be an opportunity for the MUA to examine the Post Office accounts and its detailed costing. But Mr. Fairlie made it clear that the Association would first want to consolidate. For a start, the companies that signed the inaugural resolution have been made only provisional members pending the publication of a formal constitution and the payment of membership fees. Until then, it is not even making public its list of provisional members.

The next step will be to appoint a full-time director.

These steps are an essential prelude to the MUA's real battle. Because it has challenged the frame of reference under which the Post Office operates as a public corporation, it must ultimately take issue with the Government.

Redundant over twenty-five!

BY SONIA MARKS



The personnel officer was very sympathetic. "I'm so sorry," she commiserated. "You didn't get the job," hastening to reassure me "... but he was quite torn. Believe me, Mrs. Marks, it was neck and neck."

I believed her. I had a glimpse of that other neck. It belonged to a young 20-year-old girl and was framed with long, flowing hair. Mine, on the other hand, though prudently concealed in a high polo-necked jumper, was decidedly middle-aged. If it was a question of necks, I didn't stand a chance!

The two of us were shortlisted for the job of secretary to a professor at a local research hospital. She went in first and when I stepped into his office half an hour later, the expression on his face told me all I needed to know. "Torn?" Hardly. The interview was brief. But he was kind. "... I'm worried about your children ..." he confessed. And glanced at his watch.

I shared his solicitude. I, too, was worried about my children—two teenage daughters ... and my freelance writer husband, more free than lance ... and the leaping cost of living. That's why I decided to go back to work. It wasn't really a case for the NSPCC. But how to convince the *Professor*? He'd already seen that other neck!

It's been a touching experience, the amount of consideration that's been shown towards my family since I started job-hunting. And all of it from middle-aged men. The Professor wasn't alone in expressing concern.

The left-wing trade union secretary was anxious to know whether I had first "consulted" my husband about the interview and plan to return to work. It was, I assured him, a mutual decision. He remained doubtful. "... And how will he feel when his supper isn't put on the table in front of him on time?" he asked.

The sales director of a print firm emphasised: "... this is not the kind of job you can simply forget about when you get home at night ..." urging me to tell him "... frankly ... would your husband be willing to spend the evenings discussing your day's work?"

To be just, this firm advertised for a 21-plus. But as they were round the corner, I inquired what the possibility was of stretching the "plus." The Personnel Officer, being a ... and I only succeeded in ... through to an interview ... was the case) was ... amenable.

B... he had set his heart on a 21-plus!

I wonder how he put the job to her. I visualised her dancing at the disco—liquid knees and flickering hands — waiting anxiously for a pause in the pounding music to conscientiously whisper in the current boyfriend's ear, the weighty printwork problems of the day.

The builder in a small office on a large trading estate again took up the cause of my children. "I am nervous" he admitted bluntly: "about how they are going to get home at night on their own ..." I told him that it was only a ten minute 'bus journey and they were, after all, 14 and 16. "I'd be worried sick," he muttered accusingly. But pressed on: "And what about their health? Are they in good health then?" Perfect. Thank God! But I could see, there was no consoling him: he became gloomier and gloomier, before asking sharply: "Your speeds ... are they high?" (was there a hint of optimism in his voice?) Yes, I admitted. "Well ... I'm not exactly looking for someone with high speeds ..." triumphant at last ... "... it's not that kind of job ..."

There are many euphemistic ways of saying: "Madam, we do not wish to engage you." They all add up to the same:

"You are old, Mother William,"
the employer said
"Though your hair has not yet
turned white;
To persist in this notion of earning your bread—
Do you thing at your age, it is right?"

I fast discovered that in the terminology of the "situations vacant" column, "mature" means 25. It does occasionally rise to 35. Rarely does it extend to over-40, as rarely as the magic phrase: "Age immaterial."

Only once during months of meticulous searching, did I see an advert for a secretary: "... between 30 and 55," startlingly original and submitted by an American law firm in the city.

For the rest, an entire generation—my generation—of skilled secretaries has been wiped off the face of the earth.

There is a fantasy world in which men see themselves in relation to their secretaries, in which the over-forties simply do not exist.

Fantasy? Even Freud would have been hard pushed to explain the subconscious yearnings expressed in some of today's newspaper advertisements. What, one wonders, would he have made of:

"Secretary for Four Father Figures.
Dynamic sales director whose secretary, early 20s, must look after him and three managers. All pleasant people in their 40's, so their secretary must be the type who is adaptable and enjoys working for mature, silver-tongued gentlemen—just like Dad."

Could he have explained why the gentleman searching for:

"... a well-groomed, adaptable, charming secretary, radiating savoire-faire and finesse ..."

insisted that she should be "23-ish?" Why exactly 23-ish? Why not 21-ish? Or 24-ish? Or for that matter, 46-ish? Such precise specifications for his dream girl.

I did perk up one morning when I read:

"Senior Secretary.
Bright and conscientious."

Only to be dashed by the qualification:

"Minimum one year's experience."

My twelve years suddenly seemed a crippling handicap.

In the old days Mothers were warned not to put their daughters on the stage. Judging by the advertisements, it must be safer nowadays than becoming a secretary.

Sometimes all you have to be is *young*, even if totally devoid of skill or talent. Under the heading:

"Youth on your Side"

the advertisement sympathises:

"How often have you wanted to work for a director only to be told you are too young or to inexperienced? A West End company needs such a secretary. Age 18 plus. Salary £2,000."

So much for my glowing testimonials. At 40 plus, who needs them?

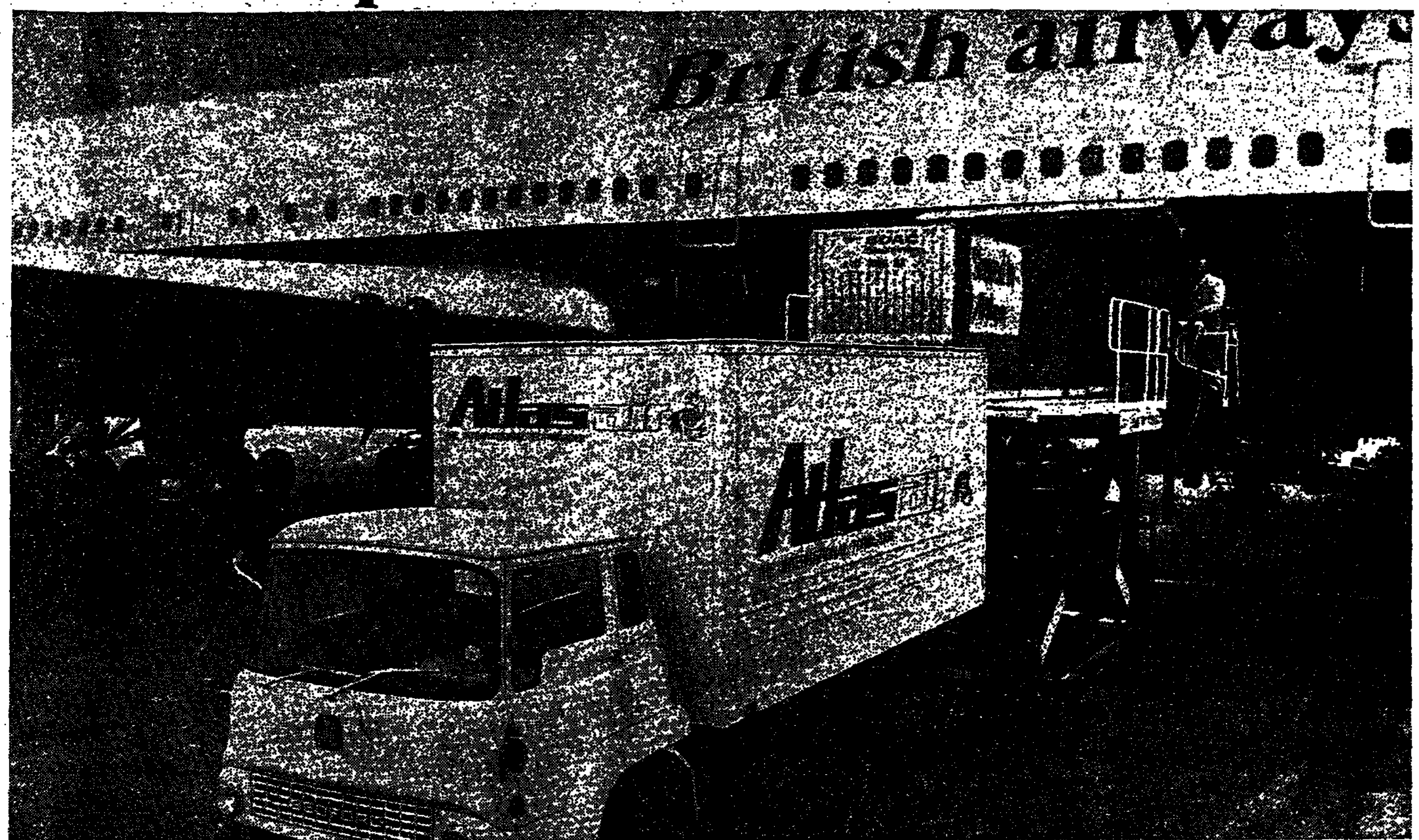
But perhaps the most subtle and ingenious exclusion by far of this age group was dreamed up by a ballet school advertising for:

"Secretary to Chief Executive.
Interesting, varied, responsible position. Plus the opportunity of taking ballet classes during the lunch hour."

As my family pondered the spectacle of their mother presenting herself at the dance studio in leotards and pumps, hysteria overwhelmed them:

"During lunch" said the Sec. as
as she shook her grey locks,
"I'll keep all my limbs very supple,
"If I get this appointment—
and nobody mocks—
"I'll perform entrechats at the double."

"Midland Bank plays an essential part in our organisation–just as we play an essential part in world trade"



-Richard Farmer, Managing Director of Atlas Express Group Limited at Rotherhithe.

Atlas Express is one of Britain's largest independent and privately owned freight carriers.

In 1863, village carriers still carried goods from street to street, while the new railways carried them from town to town.

What was needed was a fast, efficient service for getting goods from a street in one town to a street in another.

Atlas Parcel Express, as it was then called, was among the first to fill the gap.

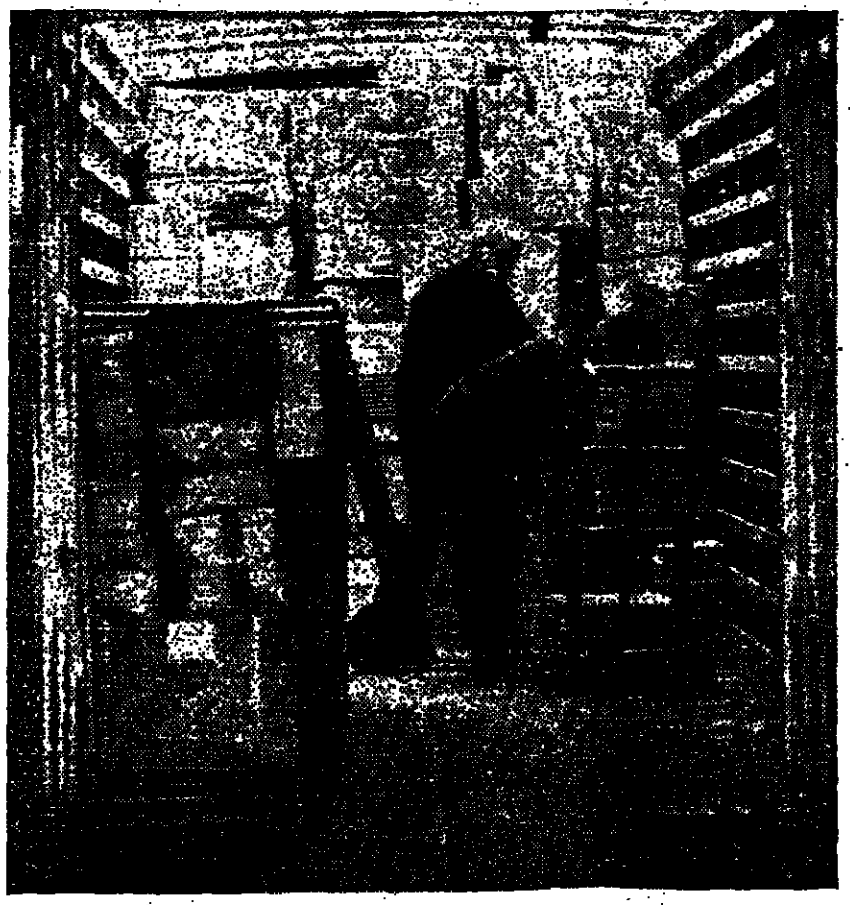
Growth and modernisation

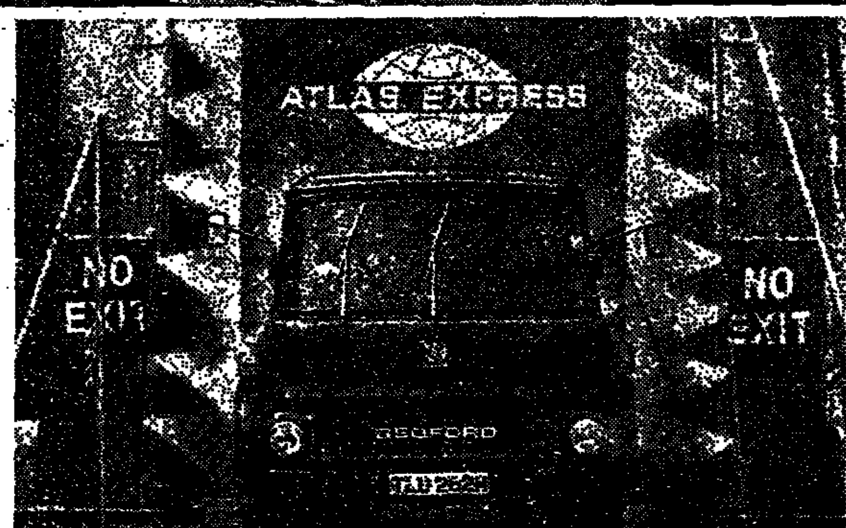
Shortage of manpower during and following the First World War drastically affected the company, and when Richard Farmer joined in 1935, during the chairmanship of his father, it had still not recovered fully.

Atlas covers Britain through over 50 collection and delivery centres.

He and his fellow directors set about modernising the company with the help of Midland Bank.

"But modernising a transport business," says Richard Farmer, "involves hefty capital





One of the Atlas vehicles passing through an automatic cleaner.

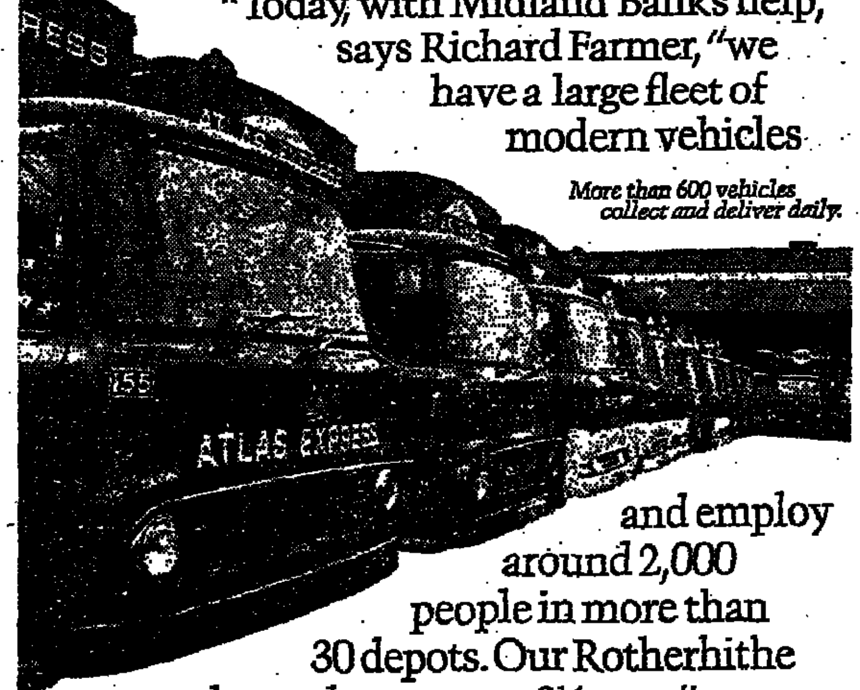
outlay for depot space, buildings and vehicles.

"In 1921, the company had to raise £2,250 in 5s. shares–a largish sum for those days–in order to continue. The shareholders responded, and since then they and Midland Bank have provided all the resources needed for our expansion."

International expansion

1947 was a major turning point for Atlas Express, as it then found itself one of the country's few sizeable independent freight companies.

"Today, with Midland Bank's help," says Richard Farmer, "we have a large fleet of modern vehicles



More than 600 vehicles collect and deliver daily.

and employ around 2,000 people in more than 30 depots. Our Rotherhithe depot alone covers 3½ acres."

Atlas Express delivers and collects worldwide through a large international network of freight agents, and has set up two other companies. Atlas Air, at Feltham, to handle purely air freight, and Eurofreight, to handle cargo on a continental basis.

"Midland Bank has always given us magnificent service," says Richard Farmer. "In fact all our directors and virtually all our staff here bank at the Midland privately.

Atlas Air HQ is Britain's first specifically designed consolidation centre.

"But most of all, the Midland has enabled us to grow on the scale needed for an international freight business–without ever having to go outside our close relationship with them for financial help or services."

As every successful business knows, expansion brings its own problems. It calls for new kinds of financial service. If it's your problem, why not talk it over with your local Midland manager?

Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Trustee Company Limited, Midland Bank Trust Company Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Northern Bank Finance Corporation Limited, Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited, Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc., Bland Payne Australia Limited, Guyerzeller Zurmont Bank AG.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Question of make or break

IN ONE of the most thought-provoking studies it has issued in recent years, Frost and Sullivan has predicted that to match the 20-fold growth in nuclear power requirements in Europe over the next ten years, the utilities of the countries involved will have to find a staggering £58bn.

This estimate is based on capacity at the start of the year of 18,000 MW with 80,000 MW on order and 270,000 MW predicted to be ordered by 1985.

By far the largest share of the total will be taken up by France and Germany with 29 and 26 per cent. respectively, followed by Italy (17), Spain (10), Sweden (6), Belgium (4) and Britain with only 2 per cent.

France has encountered less opposition from the environmental lobby than any other country and nuclear power could account for over 80 per cent. of total power generation by 1990 compared with a mere 4 per cent. now. In Britain, growth is predicted to be extremely slow by comparison with only 16 per cent. atomic electricity in 1985 against 9.3 in 1970.

Capital requirements for the whole of Europe will vary between £5,250m. and £6,500m. a year to 1985, cost of a nuclear station being assumed at about £238 per kW, excluding the first load of fuel—also a major factor, especially in the light water reactors which will dominate the scene till the end of the century.

The report details the various shares of physical plant components in the annual £3,600m. market where turbine plant at £1,090m. a year is the most important.

Local European industries will provide between 50 and 85 per cent. of the total reactor package, according to the strength of their local industrial base and the attitude of their Governments to foreign imports.

Whether the analysts will have to amend this report in a year or so because of U.S. experience is a moot point. It should be remembered though that U.S. resources in fuels other than atomic are far higher than those of the European Continent.

Frost and Sullivan, 110, Strand, London WC2R 0AA. (01-836 8918).

● ELECTRONICS

Replacing gold in electronics

FOR PLATING on semiconductor devices, printed circuit boards and connector contacts, a low boron, phosphorus-free electroless nickel process, Niposit 468, is available from Shipley Chemicals, Humber Avenue, Coventry (0203 457203). Deposits are at least 99.5 per cent. pure nickel and the remainder boron, says the maker.

Because of the improved ductility of nickel-boron deposits, their high temperature resistance (400-500 deg. C), good solderability and weldability, low electrical resistivity, high hardness and wear resistance, Niposit 468 is seen as a possible replacement for gold in numerous electronics applications, the company states.

● COMPUTERS

More power at less cost

BY PUTTING together 32 computers on a chip in a stack called Hypercube, IMS Associates Inc (Imsai) of San Leandro, Calif, U.S., is offering the processing power of the old 360/65 (£1m. more or less) for only $80,000.

And if the progress of solid-state technology needed to be rubbed in any more, the same company will stack together the same Intel 8080—but this time in a 132 array—to provide the processing power of the IBM 370/195 for $400,000, or say one-tenth of the cost of that machine.

It is quite possible to continue up the scale and get a Hypercube which is far beyond the "processing size" of any computer so far proposed for commercial use—and still be in the cost area of a medium-scale conventional data processing system as proposed and installed by every manufacturer at the moment.

This development is the logical outcome of progress on microcomputers and, at the same time, array processor work first undertaken as a support system for the ABM. It would be useless if the designer had neglected the serious problem for the user of how to connect work into such a powerful system. But this key point has not been disregarded and logical nodes are provided, each backed by a system processor and a logical task processor able to handle massive input/output traffic without further ado.

Varian cuts costs with technology

A BIG ADVANCE in minicomputer technology has been made by Varian with the announcement of its new V76 computer.

Varian designers have given the V76 a memory of 128k-bytes and have been able to pack this capacity on a single printed-circuit board. This development in random access memory (RAM) integrated-circuit design has produced the lowest-priced 660 nanoseconds memory in the minicomputer industry.

Savings in manufacturing costs over a conventional multi-panel core memory of equal speed and capacity are considerable. So are the implications for the computer industry.

With the V76 to head its current drive into the commercial marketplace, Varian is able to offer a complete small business system with the advantages of COBOL, RPG II and TOTAL for around £30,000.

Varian 64k semiconductor memory is an option for the V76 computers. It is a dual-port, random-access memory with a capacity of 65,536 16-bit or 18-bit words and is packaged on a single printed-circuit board. The 16-bit version is available without parity. The 18-bit version provides storage for words with two parity bits (one for each byte). Cycle time for both models is 660 nanoseconds with an access time of 560 nanoseconds.

The 4k random access-memory (RAM) used in the Varian design is a departure from other RAMs in that it utilizes N-channel architecture with a high-density metal-oxide-semiconductor (MOS) substrate. This new architecture provides about the same performance as a core memory of equal speed and capacity at one-third the cost. Furthermore, the dual-in-line package of the RAM permits the layout of the entire memory on a single V70 series printed-circuit board occupying only one card slot in the computer chassis.

The dual-port feature of this memory provides simultaneous access to two different portions of memory from two different processors. When used with the memory map option, the memory can be expanded up to 256k words.

DC power for the operation of up to four 64k semiconductor memory boards is provided by the main power supply of the computer although an additional power supply is required for the memory map when used with an expanded system. Since the 64k semiconductor memory is volatile, an optional battery-powered Model 76-3200 Data Saver is available to prevent loss of data in the event of a power failure.

Varian is at Russell House, Molesley Road, Walton-on-Thames KT12 3PT. Walton 28971.

System B is highly tunable

EARLY results from operating System B on an ICL 2970 machine are better than expected, according to Basil Cousins, head of Computel which is using time on the 2970 at W. H. Smith and Son, Swindon.

Computel has given clients the opportunity to see Smith's new machine in operation and is offering 2900 facilities—the first commercial bureau to do so.

Computel was the first commercial bureau to use the George 3 operating system, and in the beginning throughput rates were as low as 10 jobs an hour in prime shift. By tuning the system Computel built up to 40 jobs an hour.

With System B the bureau expects the early throughput rates to be around 15 jobs an hour but within three years 80 jobs an hour should be achieved.

System B is the much-criticised operating system for 2900 machines.

Computel is at Eastern Road, Bracknell, Berks, 0344 23032.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● POLLUTION

Measures density of smoke

SIEMENS has a smoke density/dust monitor for use in the ducts and chimneys of small—and medium—capacity industrial plant.

Continuous-measuring, it has a combined transmitter/measuring head and separate reflector. The former requires a 110 V or 220/240 V, 50 Hz mains supply and both units have facilities to use a low-pressure air source for scavenging and cleaning purposes.

Two beams of white light, one passing through the smoke or dust, and one a reference beam are compared.

When the measuring beam's intensity is reduced by smoke or dust, the reference beam's intensity is equally reduced. This reduction of intensity is a measure of the smoke or dust content. The beam comparison is made by a photocell and amplifier alternatively measuring the relative light values. The measuring head produces a linear output signal of 4 to 20 mA proportional to a selected measuring range of 0-100 per cent., 0-50 per cent. and 0-25 per cent. opacity. The output signal can be fed to controllers, indicators or recorders. The measuring head can also be calibrated for a given level of concentration, which if exceeded, causes the monitor to produce an alarm signal.

Siemens, Great West House, Brentford, Middx. (01-568 9133).

● INSTRUMENTS

Accurate gauge head

A NEW universal "miniature length measuring instrument" in the form of a digital gauge head is being brought to the market by Dr. Johannes Heidenhain. This instrument, for application in workshops and standard rooms, surpasses dial test indicators, vernier calipers or analogue measuring heads both technically and economically. The digital gauge head is also designed as a measuring system for length measurement on smaller machines, micrometer stages, co-ordinate tables, cam inspection, etc.

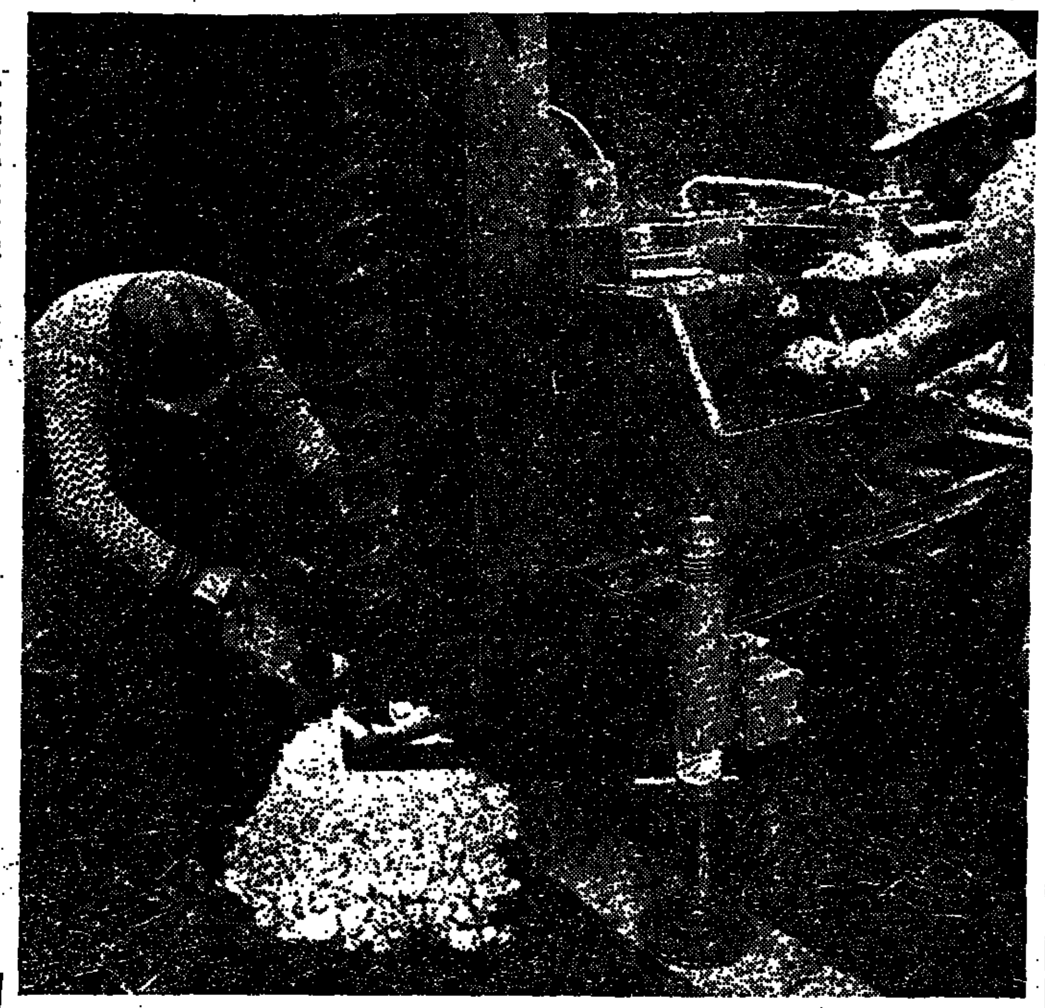
The measuring range of the digital gauge head MT 10 is 10 mm. The resolution (digital step) in conjunction with the appropriate counter is 1 micrometre. The measuring accuracy of the complete system, that is, digital gauge head with counter, is ±1 micrometre. A genuine incremental design principle and the very minimum of mechanical components enable a high degree of accuracy to be constantly maintained for an unlimited time. A special feature is the remarkably small size of the main body (57 × 30 × 12 mm.) which simplifies application on multiple measuring devices having narrow clearances. The clamping shaft has a diameter of 8 mm. which enables further utilisation of general measuring equipment and fixtures.

Measured value is indicated by a five-digit, seven-segment LED display with arithmetical sign and decimal point. Character height 13 mm.

As an option, the counter can be supplied with a printer output for electronic processing of measured values. A special advantage is the simple zero reset which is carried out by merely pressing the reset push-button at any random position within the measuring range, thus eliminating tedious adjustment.

Longer measuring lengths are under development and gauge heads with measuring range of 30 mm. will shortly be available.

Heidenhain (GB), 202, London Road, Burgess Hill, Sussex RH15 9RD. Burgess Hill (04446) 3866.



This rotary drilling rig is the latest to be produced by Pilcon Engineering. The company says it is designed for the larger diameter diamond core drilling operations. In addition it will drill up to 8 inches diameter rotary percussion air-blast holes using a down-the-hole hammer — and is therefore well suited to shallow mineral exploration. Called the Pilcon Traveller 30 it is hydraulically operated and has a lattice mast carrying a rotary head suitable for coring, angering and rotary percussion drilling. The drill is powered by a 30 hp air-cooled diesel engine. The equipment is supplied as standard on a two-wheeled trailer fitted with three stabilising jacks. Pilcon is a member of the Costain Group

● RADIO & TV

Speeds the outside broadcast

SPECIALIST communications equipment which could make a significant contribution to the design approach in the multi-million-pound TV outside broadcast and sound and TV studio market has been displayed by Link Electronics.

The 700 Series equipment covers audio communications products which can be built up into complete communications and talk-back systems, as well as two solid state telephone exchanges for use in both outside broadcast vehicles and studios. The significance of the new equipment is such that Link has established a complete new communications group at its factory in Andover.

Link's decision to design and manufacture such equipment was based on a number of factors—increasing demands on space utilisation, particularly in television mobiles and the growing importance of comprehensive talk-back systems as required in broadcasting.

There was no commercially available range of standard compact and modular equipment which was flexible enough to satisfy the needs of broadcasters and systems equipment manufacturers.

The equipment was initially developed by Link for use in outside broadcast units and television studios that they were building. It was then refined into a range of standard equipment which could be offered generally. Link has already supplied several systems so far, and is also using the products on two current projects — an outside broadcast unit for Radio Telefis Eireann in Dublin and for all the talkback communications at the London control centre at the new Forces Broadcasting Network.

Link Electronics, North Way, Andover, Hants. Andover (0264) 61345.

Pye move in cable TV

LABGEAR (Pye Group) is marketing jointly with Belling and Lee the full range of Belling-Lee cable television distribution equipment and related accessories.

From January 1, 1976, Labgear will take sole responsibility for the direct marketing and service of all cable television distribution equipment and accessories carrying either brand name.

Belling and Lee will continue to design, manufacture and supply passive electro-mechanical cable television accessories to contract customers with sales branded under the name of the customer organisation.

Pye, St. Andrews Road, Cambridge CB5 1DP. Cambridge (0223) 58955.

● SAFETY

Detector is produced cheaply

A SILICON chip, a bicycle handle grip and a rubber bell from a cistern have contributed considerably to the development of a Southern Gas leak detection unit.

Its scientific services department based in Poole has built a lightweight and low cost detector for combustible gases and because the number required at the moment—40—for the region is considered too small to be worth putting to an outside contractor, the units are being built in-house.

The grip goes on the handle of the walking-stick type probe, at the end of which is the silicon device, protected by the rubber bell.

The detector is heated by a current from a battery and provides a measurable resistance. If a gas such as methane is present, the resistance alters to such an extent that the change can easily be detected and an alarm given.

Use of simple components has kept down the cost of the unit which is capable of detecting the presence of combustible gases in air from about 5 to 1,000 parts per million.

Southerngas, 164, Above Bar, Southampton. (Southampton 775544.)

CONTRACTS AND TENDERS

Building and Civil Engineering

Pipelaying and sewer work

PIPELAYING and other civil engineering contracts totalling more than £3m. are to be started shortly by H. O. Andrews of Oakwood Lane, Leeds.

The largest, worth over £1.7m., is for the construction of the Hyndburn Valley Sewer for North West Water Authority. Eight river crossings, one through a weir, form part of the contract and there is a substantial amount of pipe jacking, pipeline in heading and tunnel work using 1,520 mm internal diameter precast concrete bolted segmental rings. Consulting engineers are J. D. and D. M. Watson.

Other contracts for H. O. Andrews include construction of the Radford foul sewer for City of Coventry (£750,000), trunk sewers for Washington Development Corporation and twin reinforced concrete culverts in a sheet piled cofferdam under a canal *for Rushcliffe (Notts) District* Council,

station within a circular diaphragm wall, a rising main to the existing treatment works, an extension to the existing 1.5 metre *diameter trunk* sewer which is to be laid by pipe jacking, and the provision of an emergency overflow and a stormwater sea outfall.

The second job is a distribution warehouse at Tipton, West Midlands, for the Kwik Save Discount Group of Prestatyn. The design and construct project also calls for the demolition of existing buildings and site clearance, *lorry* park, general car park and roads and hardstandings.

Permanite, a Tarmac Group company manufacturing roofing materials, mastic asphalt and associated products, has been invited to take part in bridge surfacing trials in America which could open up a new field of operations for the organisation.

Permabit 60/Permashield—a lightweight system of waterproofing which does not require an additional sand asphalt carpet—is one of several materials being laid on a 350-metre long, six-carriageway road bridge in Peoria, Illinois.

The trials have been ordered by the Illinois Department of *Transportation which is striving* to improve the waterproofing on its bridges, many of which have failed after a comparatively short period of life. This has *been due to* de-icing salts getting into the concrete fabric of the bridge causing failure.

First results of the trials are expected in about three months.

£3m. worth for Turriff

TURRIFF Corporation has won contracts worth over £3m.

Among them is a District Centre at Longsight for the Manchester City Council worth £750,000. Another contract worth over £1m. is for the Ministry of Defence at Longtown, Cumbria, and a third job involves further work on the Armstrong Cork flooring *plant* at Thornaby-on-Tees. The value of the first phase of this contract is £1m.

Bungalows in Bahrein

SYSTEM-BUILT bungalows are to be constructed in Bahrein by McPlan Homes a subsidiary of McInerney Properties *under* a £750,000 contract.

The bungalows will provide accommodation for pilots and staff of Gulf Air, Bahrein's state-backed airline. Wall units, panels, joinery work and doors will be manufactured in Ireland and exported.

Warehouses and water jobs

TWO CONTRACTS, each worth about £700,000, have been awarded to Tarmac.

For the Wessex Water *Authority, Somerset Recovery* Division, the company is to construct a pumping station and rising mains as a development of the treatment plant at *Clevedon in Avon.*

The work involves construction of an underground pumping

Economical electric heating

SWEDEX (Distributors), of Maidenhead, is handling the distribution in the U.K. of the "Econowarm" electric heating panels manufactured by Järnkonst AB, Landskrona, Sweden. The range of panels includes convectors and skirting strips as well as closed radiator panels.

Each panel is fitted with its own room thermostat system, which employs a British-made *Otter M-Type* bimetal thermostat with accelerating and compensating resistors. Compensation is controlled by a thermistor which responds to very small *changes in room temperature.* The system will thus maintain room temperatures to within $\pm\frac{1}{2}$°C. The cycle time of the thermostat is about five minutes *under average heat load conditions* giving a very steady panel surface temperature and extremely economical use of electricity.

The closed panels have a heat shield between the heating *elements and the front cover* which transfers the heat generated by the elements and dissipates it evenly over the whole surface of the panel.

Closed panels and skirting *strips are BEAB approved* and the convector radiators have been *submitted for BEAB* approval.

Swedex *(Distributors)*, which is at Berkshire House, Queen Street, *Maidenhead, Berks., is* looking for regional distributors /installers.

Swedex is on Maidenhead *(0628) 37927.*

Coal plant order

HEAD Wrightson Process Engineering *of* Cleveland has won a further National Coal Board contract, this time for a 380 tons per hour skip plant installation at Thurcroft Colliery in the NCB's South Yorkshire area.

Valued at about £320,000 the contract covers the whole of the design, supply, erection and commissioning of underground skip charging pockets, *skips* of nine ton capacity, and surface discharge and conveying arrangements to link up with a raw coal stocking out and reclaiming *system planned for* the future.

Engineering design work is in hand and site *installation* and change over are planned for next summer.

£3½m. jobs for Kyle Stewart

THE DEPARTMENT of the Environment has awarded two contracts to Kyle Stewart. One is for Extension 73 to the British Museum in Gt. Russell Street.

This contract, valued at £1.6m. is for the erection of a five storey block containing restaurant, exhibition galleries, stores, workshops and plant area and the *adaptation* and redecoration of an existing building. Work is scheduled to start soon and is expected to last for two years.

The other contract, worth £350,000 at the National Physical Laboratory, Teddington, calls for the conversion of an existing wind tunnel. This will be a steel framed building on concrete *foundations.* Work has begun and will last for 78 weeks.

Amalgamated Investment and Property Co., as agent for U.K. Provident Institution, has placed a £1.6m. contract for the construction of a part six and part four storey air conditioned office block at 164 Shaftesbury Avenue, 15/27 Earlham Street and 33/43 Mercer Street, London.

Construction will be in reinforced concrete on piled *foundations with elevations in faced* brickwork with bronze anodised aluminium windows. *Work has* begun and is due to be completed in 95 weeks.

Wimpey in Nigeria

A SUB-CONTRACT worth £4.4m. for earthworks, roads and drainage for the Lagos International Trades Fair has been awarded to George Wimpey and Co. (Nigeria), by the main contractor for the project, Energoprojekt Engineering and Contracting Company, of Belgrade, Yugoslavia.

The work involves the construction of 30 km. of 6- and 7-metre-wide asphalt roads, together with a storm water drainage scheme.

Design is by Energoprojekt to the requirements of the Federal Ministry of Trade and the work will be supervised by the Federal Ministry of Works. The fair is to be held in late 1976 or early 1977.

Road work in Hastings to start

FIRST stage of the Hastings, *Sussex spine road is to be started* next month. Mears Construction has won the £698,000 contract from East Sussex County Council.

An 18-month job, the contract calls for a 2 km. length of single carriageway road, *located* between the southern end of *Castleham Road on the Castle*ham Industrial Estate and a point on the A2100, 500 metres west of its junction with the A21. The contract includes the *construction of a bridge over the* B2159 at Battle Road.

*The road will serve the Castle*ham Industrial Estate and proposed adjacent housing developments. Future phases will extend the road to the east of *Bexhill* and to the *A21* north of Hastings.

Pressure tests oil pipe joints

EXTERNAL PRESSURE testing equipment for tube joints is available from Salvesen Casing Crews, Eurocentre 1, Wellington Road, Aberdeen AB9 2JX (0224 873797). The equipment is suitable for carrying out tests on joints of various sizes.

It will be used by the company's oilfield equipment testing service.

Called the Gator Mater, the equipment was developed by Worldwide External Testers Inc., Houston, Texas. It consists of pneumatic and hydraulic systems which create pressure around the connection to be tested.

The metering unit is suspen*ded from the pressure chamber* which is clamped round the joint. About 6 ounces of fluid are pressurised up to 20,000 psi in the chamber, and if there is a leak *in the connection, the meter* detects the drop in pressure.

It is claimed a leak as small as one drop of water in 15 seconds can be found. The small amount of fluid ensures there is no stored energy and the outside test eliminates the possibility of internal scale sealing a small leak, which might be expensive to correct later. It also avoids damaging internal coating and *costly fishing for tools lost in* the pipe.

Desalination and heat exchange

GRANTS OF up to £50,000 are to be made by The Weir Group of Glasgow to the Department of Mechanical Engineering of Glasgow University.

They will be used to supplement the grants already *pro*vided by the Science Research *Council for research in desalin*ation and heat exchange, two related fields of technology.

One grant of £5,000 will be used to set up a Desalination Travel Fund. Its purpose will be to facilitate travel to the countries where desalination plants are located.

A research grant of up to £45,000, to be spread over the three years October 1975 to September 1978, will be used to support Research Fellowships *for* specific projects associated with important aspects of desalination and heat exchange technology.

Cold-proof garments are light

POLARSHIELD garments use a principle employed in space *blankets. The inner side of the* material has an aluminised backing applied directly to it. This reflects a great part of the body heat and keeps the wearer warm without being in any way bulky or obstructive.

The material is waterproof, windproof, and has a very high resistance to tearing. All the garment seams are sewn and have a double proofing protection on the inside. The clothing is washable in the normal way and is extremely light.

Following sample testing, an initial production run was made up which has been sold in Aberdeen for use on the oil rigs. Acceptance has been good and there have been no major problems.

Garments are extremely light, *flexible at all temperatures and* very hard wearing. These points coupled with the fact that repairs, either by sewing over a tear or by sewing in a patch, are easy to make.

Polarshield is at Juliots House, Beech Lane, Woodcote, Oxon. Checkendon (0491) 681633.

Gives facts much faster

DATA Express, launched by the National Building Commodity Centre last week, forms an extension to the existing commodity file which now contains details on some 15,000 individual products from 5,000 manufacturers in a classification containing some 150 product sections.

The extension to the service means that all manufacturers who so desire may have their latest literature held in the Data Express bank. This is used by *subscribers through the coding* applied to the reference files. In any project, a user would identify those companies (also coded) whose manufactures could be of interest and tell the nearest building centre what the numbers are.

The next *step is the transfer* of this call to the central data bank and within 24 hours the complete information in a single package will be on the originator's desk.

This contrasts with procedure hitherto where the subscriber had to make several phone calls to individual manufacturers and wait a number of days for all the required information to come in.

Thus the subscriber gets all the details he needs when he needs them and the manufac*turers involved are given notice* of the inquiry for a follow-up. The latter can better gauge the effects of their literature and keep a much closer control over *their heavy print bills.* At the same time, sales representatives' activities bear more immediate fruit.

Further information from *London Building* Centre, 26, Store Street, London WC1E 7BT. (01-637 8361).

● A new system for building *small blocks of flats to meet* the needs of the smaller family and single people is described in a 20-page brochure from Concrete entitled Bison Wall *Frame Walk Up Flats.* Copies are obtainable free from Concrete, 399, Strand, London, W.C.2.

The air tramp in Trevira high tenacity fabric helps spastic children overcome their fear of falling

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY.
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026

Birmingham: George House, George Road 021-454 0922
Dublin: 8 Fitzwilliam Sq. 785321
Edinburgh: 18 Hanover St. .. 031-226 4120
Leeds: Permanent House, The Headrow 0532 454969
Manchester: Queens House, Queen St. 061-834 9381
Paris: 36 Rue du Sentier 236.50.50 (editorial) 236.86.01 (business)
Bonn: Presshaus 11/104 Heussallee 2-10 212596
Frankfurt: Frankfurt am Main, Im Sachsenlager 13 555730 (editorial) 554667 (business)
Brussels: 39 Rue Ducale 129037
Rome: Via della Mercede 55 ..... 678 3314
Stockholm: Raalambsvagen 7, 105 17 Stockholm. Tel: 50 60 88
New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Washington: Second Floor, 1325, E. Street, N.W., Washington D.C. 202 347 8676
Toronto: 285 Ont. & Charles St. E. 416 921 5576
Jo'burg: 411 Sanlam Building, Commissioner Street, P.O. Box 2128, 838 7909
Sydney: 384 Sussex Street (Cnr. Liverpool Street), Box 3886 GPO 2001 Tel: 019 517, 618 773
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Tel: 241 2920

MONDAY, NOVEMBER 3, 1975

Now it's up to the doctors

TWO TESTS will show whether the Government's latest offer to the junior hospital doctors can bring some sort of peace to the troubled National Health Service. The first will be the grass-roots reaction in various parts of the country: the indications over the week-end were that this has so far been, at best, mixed. The second, possibly more decisive, test will be the ballot now being conducted.

The British Medical Association is well aware of the danger to its own authority of any fundamental rift between itself and the doctors in the wards: this no doubt explains why its statement on Friday contained only the slightest of hints that it favoured acceptance of the new proposals.

No guarantee

In short, there can be no guarantee that the leaders of the medical profession can—in the parlance of industrial disputes—"deliver" the acquiescence of their members to what has been arranged. There are several reasons for this. The first is the generally unhappy condition of the NHS. The salaries of junior hospital doctors and dentists were increased by 30 per cent. in April—but that followed a long period during which the demand for substantial increases had been frustrated by a series of incomes policies. Morale has been lowered by the prospect of years of stringent budgetary control ahead. The adverse effects of the reorganisation of the service, which was arranged by the Conservative administration and carried out by the incoming Labour Government, are still being felt. The political divide between the senior medical practitioners and the lower-paid hospital workers appears to be unbridgable, at least at the trade union level.

This series of events is probably beyond the competence of any single Secretary of State to control. Where Mrs. Barbara Castle is to blame is in her apparent ability to unite almost the entire medical profession against her — for whatever reason—and in her loss of political balance. The latter has been characterised by the proposal to license the private sector of medical practice once it has been separated from the NHS by the removal of pay beds from public hospitals. Separation alone could be an explicable political compromise: licensing appeases only those who wish to abolish private practice altogether.

Flexibility

Against such a background, for only part of which the present Minister is responsible, any simple pay negotiation would have been difficult. The dealings with the junior doctors have been further exacerbated by the desire, first expressed from their side of the bargaining-table, to have a completely new form of contract that takes into account overtime payments. The costing of this contract was the responsibility of an independent review body—but it had to work under the constraint of the £6 pay limit. Its initial solution would have benefited about half the doctors but left roughly a third of them worse off. Friday's proposals were designed to redress that balance without increasing the overall cost of the package to the Government.

For Mrs. Castle it has to be said that she has offered the greatest possible flexibility in seeking a deal within the £6 constraint. Over the past fortnight she has made clear her willingness to consider just about any formula, provided only that the Government's incomes policy was not breached. In fact the doctors' new deal is not strictly within the spirit of that policy, since (a) it treats doctors as a group and offsets increases for some against lesser increments for others while (b) some doctors changing contracts will enjoy better overtime rates not set off against the £6 limit. Any open breach of the limit that involved extra costs to the taxpayer would clearly constitute a danger to the Government's entire economic strategy. It could not hope to maintain that strategy intact if it went beyond what has now been proposed. It is this that the doctors must now consider.

The threat of a desert war

THE MOTIVES for Prince Juan Carlos's sudden trip to El Aaiun, the capital of the Spanish Sahara, yesterday are unclear. It may have been an attempt to show that he has already assumed full authority, despite the fact that he is still only Acting Head of State. It is possible that he was seeking to reassure the military and the Spanish Right-wing that the ending of the Franco era will not be accompanied by a supine surrender of territory. Again, perhaps he was out to demonstrate that Spain will support the efforts of Dr. Kurt Waldheim, the UN Secretary-General, to find a solution of the Spanish Sahara problem which is acceptable both to the local population as well as the neighbouring States.

Other flank

Yet whatever the motives, two facts have emerged. The first is that the situation has become very serious and the second is that Spanish policy has changed in the past few days. The peaceful invasion of the territory, led by King Hassan of Morocco, could begin as early as to-morrow. The Moroccans are gathered in their hundreds of thousands at Tarfaya, which is close to the Moroccan-Saharan border. From there it is less than 50 miles, by the only road that exists, to El Aaiun.

The population of the Spanish Sahara is minute—about 75,000, but already the main political organisation, Polisario, has said it will resist even an unarmed invasion by force. So, now, has Spain, which probably has 10,000 troops in the area and could bring in more. It requires little imagination to fear that if the invasion takes place and meets resistance, King Hassan himself will choose to use force.

It is also possible that King Hassan will then run into problems on his Algerian border. Algeria is the country most opposed to a Moroccan takeover: instead it supports Polisario, which wants independence—though whether Algeria does this out of a genuine belief in self-determination or as a cloak for its own ambitions is not clear. The Algerians are in no position to do anything in the area of the threatened invasion, but with a threefold superiority in the number of combat aircraft they could be a formidable menace to Morocco's other flank.

Algeria already seems to have been partly responsible for the change in Spanish policy. Until a few days ago it seemed that Spain was quite happy to abandon the Spanish Sahara to Morocco and Mauretania, despite the fact that the International Court of Justice ruled last month against their claims to sovereignty and the United Nations had recommended some form of UN presence while the local population decided its own future without outside interference. The possible dangers of the Spanish approach were firmly pointed out by the Algerians to Dr. Waldheim, who visited all the countries concerned a week ago, and may now have been appreciated by the Spanish Government.

Brinkmanship

Certainly this would seem to explain the line taken by Spain at the weekend meetings of the Security Council. This was to support the call to all parties to avoid any further unilateral action which could increase the tension. The call is plainly aimed at Morocco, and is an invitation to King Hassan to call off the invasion.

Spain, for whatever reason, has added its own element of brinkmanship with its new threat to use force, if necessary. It has, in a quite unaccustomed way, aligned itself with the great bulk of UN opinion which could mean a propitious start for the new regime. For the moment, however, all diplomatic efforts must go to persuading King Hassan to accept a UN solution. It is by no means certain that he will.

General Atomic: how Shell's nuclear venture went sour

By DAVID FISHLOCK, Science Editor

AT a nuclear conference in Basle last month a senior executive from General Atomic, the joint nuclear venture between Shell and Gulf Oil, greeted a U.K. Government official with the words: "I'm not asking for money—all I ask for is love." Love alone may not save General Atomic, whose last remaining nuclear power contract slipped away last week—at a cost to the company in cancellation charges of $125m.—but it could do a lot for the morale of what to-day is the loneliest of all the nuclear groups.

Less than 18 months ago, at their oceanside headquarters on a hilltop near San Diego, General Atomic executives outlined bold plans that would bring them profits from nuclear reactors before the 1970s were out. They had cause to be bullish, because business then looked as kind as the Californian climate.

They contemplated meeting a quarter of the U.S. nuclear reactor market by the end of the decade. By then, they assured me, they were expecting sales of eight or nine reactors a year, in sizes up to 1,800 MW.

Injection of cash

Royal Dutch Shell, in a bid to buy its way into the nuclear industry, had just taken a 50 per cent. stake, bringing a much-needed injection of cash to this highest of high-technology companies. General Atomic had also just landed orders for four big 1,170 MW nuclear steam supply systems (NSSS), bringing the order book to over $900m., for more than 10,000 MW of reactors.

The reactor in question, the high-temperature gas-cooled reactor (HTGR), was one that the company's four rival U.S. reactor vendors were beginning to fear. At a time when the rivals were finding their light-water reactor designs under increasing attack from nuclear power's opponents, the HTGR offered features the opposition conspicuously lacked. General Atomic began to promote it as the "environmental reactor"—one with no steel pressure vessel to crack, no cooling water requirements to fail, and less restrictions on size than rival reactors.

Shell—which created a nuclear division, Scallop Nuclear, under Mr. Eelco Toxopeus—had not been all that happy with the management it purchased with its down-payment of $200m. and an agreement to share further bills with Gulf Oil. At its insistence there had been management changes, ostensibly to accommodate the changes needed for a research company about to be launched into the world of commerce. An experienced oilman from Gulf, Mr. W. W. (Bill) Finlay came in at this time as the new president of General Atomic. And a new vice-president, Mr. Richard McCormack, was recruited from Combustion Engineering, one of the rival reactor vendors.

As the summer wore on the underlying cause of Shell's early worries became more clearly apparent. The reactor contracts already signed up were on terms that threatened large losses to General Atomic. The first three contracts (six reactors) were, admittedly, "negotiated" contracts, won from utilities which were acting as patrons of a novel reactor. But the more recent ones the company claimed to have won in competition with light-water reactors—to the chagrin of rival vendors—on terms that were said to be "strictly commercial." Now the new management reckoned that it had underestimated the losses expected on the ten NSSS by $250m.

In July last year Shell announced that it was making a further substantial provision—£44m.—for losses expected on the nuclear venture in addition to the provision of £52m. only three months before. The losses could turn out to be "much higher than expected," admitted Shell.

By then General Atomic was attempting to re-negotiate its contracts. The escalation clauses in the existing ones were recognised as inadequate to deal with the rapid inflation in costs for all kinds of engineering work. Gulf added that the increased cost of labour, fuel, construction and components had "exceeded expectations."

Unfortunately, other forces far beyond the company's control had already begun to take their toll. U.S. electrical utilities, prevented from raising their tariffs, were becoming severely stretched for cash. Under the circumstances, there was little enthusiasm for ordering relatively capital-intensive nuclear stations, some 30-50 per cent. dearer to build—some would say more—than equivalent fossil-fuel stations.

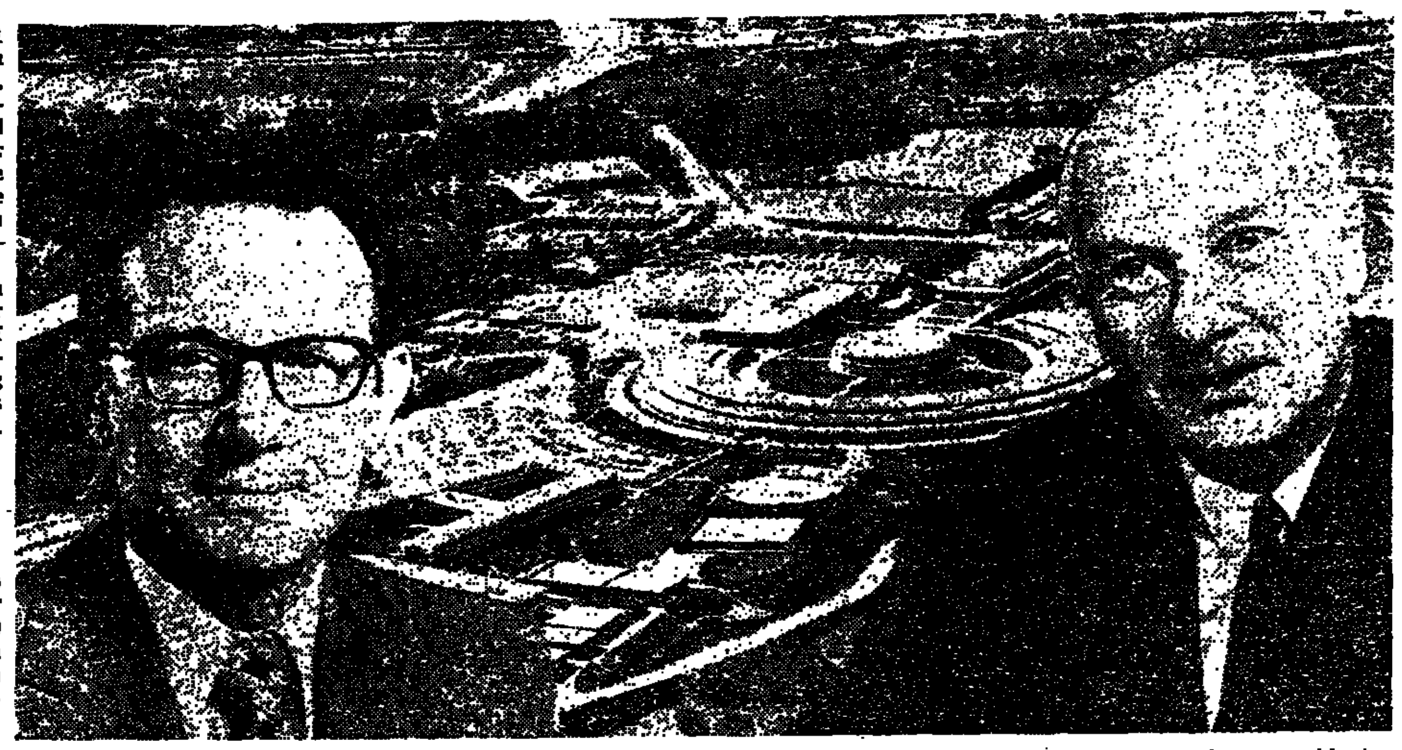
First, General Atomic's contracts were deferred for a few years, in the hope that financing might begin to ease later. Then, one by one, the contracts were cancelled as it became clear that there was no question of renegotiating a substantially higher price. The last, for twin 770 MW reactors for the Summit station near Washington D.C. of Delmarva Light and Power Company, was cancelled last week.

Is there some inherent flaw in the system that Gulf, in 1967 when it bought General Atomic from General Dynamics, and then Shell in 1973, failed to spot? The answer is no—except insofar as it is a gas-cooled concept and, since a gas is a much "thinner" coolant than a liquid, the reactor is bound to be bulky and expensive to build. On paper at least, this handicap can be offset against higher efficiency and the less quantifiable "environmental" advantages.

Unfortunately, the fact remains that Fort St. Vrain, the 330 MW "demonstration" HTGR reactor General Atomic has been constructing 35 miles from Denver, Colorado, has still to generate power. The project, started in 1968 at an estimated cost of $60m. for the NSSS, has already cost General Atomic six times as much.

In some respects the problems of Fort St. Vrain have also been those of Britain's long-delayed advanced gas-cooled reactors (AGRs), less hot but twice the size of the U.S. demonstration. Specific troubles included cracks in key components, leakage of hot helium gas from the reactor, and, most recently, the need for an extensive rewiring of the plant's power and control circuits, at the insistence of the Government's nuclear inspectors, following the fire that burned out the cabling of two big reactors at Brown's Ferry earlier this year. Taken together with the AGR experience, Fort St. Vrain has convinced many people that the gas-cooled reactor technology is going to be a lot tougher to perfect than General Atomic believed.

General Atomic has consistently denied that delays at Fort St. Vrain have hampered its commercial efforts. But there was little doubt outside that, for most potential customers, it was not enough for the company to point to three small experimental reactors: Peach Bottom (now "retired") in the U.S., Dragon (near retirement) in the U.K., and the AVR in West Germany. Already there had been too many experiences of major problems in scaling-up from experimental reactors.



General Atomic's headquarters at San Diego with (left) Mr. W. W. Finlay, formerly of Gulf Oil, who was appointed president after Shell took its stake in the group and (right) Mr. Eelco Toxopeus, head of Shell's Scallop Nuclear division.

Attitude of customers

The U.K. reactor decision in July 1974, although not fundamental to the company's fortunes, was probably typical of the attitude of many potential customers. General Atomic advised the U.K. Government that it was not ready to undertake a nuclear power programme on the timescale then contemplated. The Government in turn concluded that: "The system has considerable potential . . . but is not suitable for the Electricity Boards' main programme at this time."

In short, Fort St. Vrain must be counted a large factor in the company's misfortunes. The company has also been accused of trying to run this vital project at long-range, from its San Diego headquarters well over 1,000 miles away, and with its best men wholly preoccupied with raising cash and trying to win more orders.

Another problem General Atomic must face is the growing realisation that, so complex are advanced NSSS, nothing short of a full-scale demonstration may be convincing to utilities now. Both France and the U.K. are talking of an "industrial prototype" of the fast "breeder" reactor, of 1,200-1,300 MW, preceding any attempt to launch a commercial power programme.

In a desperate attempt to salvage its one remaining reactor contract, for the twin 770 MW Summit station, General Atomic approached the U.S. Energy Research and Development Administration late this summer to see whether Summit might qualify as an "industrial prototype" project. Was there any chance of the U.S. Government's picking up the difference—perhaps 100 per cent.—between the price negotiated in 1971 and the true cost of the contract?

The approach was probably doomed from the outset, simply because U.S. public opinion would never have stood for the idea of "bailing out" two oil majors—one of them foreign-owned—at a time when the oil industry is pretty unpopular in the U.S.

Mr. Richard McCormack, head of General Atomic's power systems group, recently estimated that the company had between $1bn. and $2bn. invested. Apart from an enviable research campus in California, adjoining the headquarters, it has made major investments in manufacturing capacity for the 50 per cent. of its NSSS it expected to make in-house. These include a partnership with Foster Wheeler in Panama City, Florida, to make the 250-ton steam generators; and another with Allied Chemical to make nuclear fuel and reprocess spent fuel. Mr. McCormack believes that it would have needed "close to another $1bn." before the company was firmly entrenched.

There now seems to be a real possibility that Gulf and Shell will simply abandon the investment. One Shell director admits that, even though he believes the decision was right when it was taken, it "really has been a very disappointing investment." Much may now turn on the strength of an all-too-brief partnership and just how badly Shell feels about the losses it has suffered.

If the decision is taken to keep the company in existence—and Mr. Finlay has been giving assurances to this effect — the probability is that it will abandon all plans to re-enter the reactor market next year and settle for a further long spell as, essentially, a research and development company, with some peripheral commercial activity. (Sales of such things as Triga research reactors, electronic and medical systems and advanced materials are currently earning a few million dollars a year.)

Negligible drain

Ironically, as a research company stripped of its manufacturing investment and several hundred staff devoted to the commercial side of the HTGR, General Atomic could now prove a negligible drain on the resources of its two parents. Gulf, for instance, has said that the third quarter cost this year was only $6m.

The reason is that, whereas once it had to fight very hard against strong opposition within the old U.S. Atomic Energy Commission for research contracts for the gas-cooled reactor technology, to-day the climate is totally different. Nuclear opponents — "intervenors," as they are called in the U.S.—have left the HTGR alone, much enhancing its attraction in the Government's eyes.

Last year, for the first time, generous funds began to flow from the Government into San Diego, for such projects as the gas-cooled breeder reactor, and for "direct-cycle" systems in which the gas coolant itself would be used to drive a turbine.

Against this background the company believes that it now stands an excellent chance of persuading the newly created ERDA to fund an "industrial prototype" HTGR project, in which ERDA itself would take the lead role in co-operation with a sympathetic electrical utility. But the partners may have to reconcile themselves to the fact that they will not be ready to re-enter the market before the early 1980s.

MEN AND MATTERS

Those who've proved they can survive

The impermanence of business life has been underlined vividly in the past week or two, so it is reassuring to report that in one corner of the City there have been celebrations of longevity. James Capel, the broking firm, has just passed its 200th birthday, a stock exchange record probably only surpassed by the Government broker, Mullens.

Not that either started with their present names. Mullens was Messrs. Cole and Child in the early days, and Capel was Antrobus and Wood around the turn of the 18th and 19th centuries. Edmund Antrobus was the son of a Staffordshire dyer, who only had a short spell in broking. Two years after his 1775 start, he was taken into partnership by banker Thomas Coutts and the broking business was passed to younger brother Philip Antrobus, then only 29.

Philip died in 1816, not long after the original James Capel, who had been born in the year of the French Revolution, 1789, joined the firm. Another link with Mullens is provided by the fact that both firms acted on behalf of the Government in the market in the early years.

The Capel lineage is impressive (and well documented in a 130-page book prepared "for private circulation," as with all good broking circulars), but would not, I am afraid, qualify the firm for a place in one venerable group, the Tercentenarians Club. Membership is confined to businesses "which have maintained a family name and direct association for at least 300 years."

The 1975 annual meeting has just been held, hosted by James Kenyon and his wife, whose company Kenyon and Son of Bury, Lancashire, has manufactured textiles since 1664, or perhaps earlier. The oldest member is R. Durtnell of Kent ("builders since 1591"): then there is John Brooke of Huddersfield, in textiles since the time of Henry VIII: Early and Marriott (Witney) blanket maker (1669): and London bankers C. Hoare (1672).

The club is surprised that its membership remains small, though it should expand presumably as time catches up with others (or perhaps simply as the news of the club's existence spreads). Eagerly awaited is the admission of the oldest family business in America, J. E. Rhoades of Delaware, belting manufacturers since 1702. Perhaps they will be offered associate membership for the next 27 years as long as they promise not to accept a takeover bid.

Quite costly

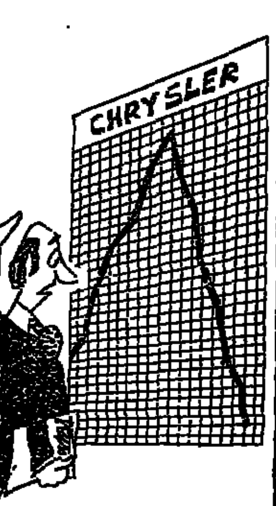
The Alfred Herbert Scheme of Arrangement document gives, among other things, details of the service contract of Neale Raine, who joined the company in 1971 and whose appointment as chief executive "was terminated by the company on August 8" as the document primly puts it.

The document also announces that a claim for compensation will be made, and looking at the contract itself the claim could be a hefty one: Raine's service agreement ran to November 1979 at a salary of £26,000 a year. The actual sum will be a matter for hard bargaining between the two parties but there it could turn out to be a substantial addition to payments already made by the group in the past couple of years. In September 1973 finance director A. E. Smith left the group and he picked up a little over £68,000 in compensation, while just a year before Raine's departure Sir Richard Young, who had been chairman since 1966, parted company with Herbert and received £67,000.

Should Raine's compensation be of the same order of magnitude—and that is purely speculative—it would throw up some interesting comparisons. For example it would bring the compensation paid to three individuals up around 10 per cent. of the £1.79m. capitalisation put on Herbert by the Government's offers of 6p a share to the holders of the group's 19.7m. Ordinary shares: its an odd world even though the tax man gets a lot more of the compensation than do the recipients.

Say that again

Legal jargon is sometimes fascinating. At the start of the Herbert scheme of arrangement it states, "the following expressions will bear the following meanings." The first is "expression": its definition—"meaning."



"It was a mistake to call any car 'Alpine.'"

Economising

Economists, like other academics, can be a bitchy lot, but normally they, like the others, join ranks and stand shoulder-to-shoulder against outsiders. Surprising therefore that the director-general of the Institute of Economic Affairs, Ralph Harris, should suggest that the Government should refrain from directly subsidising outside economic bodies (though not *quite* so surprising in view of the fact that the IEA is self-financing).

In an epilogue to the latest Hobart Paper: *How Little Unemployment?*—which argues that "unimaginative presentation and misleading use of statistics must bear a large part of the responsibility for the appalling mis-management of the British economy since the war," and blames the Treasury and the National Institute of Economic and Social Research—Harris is particularly critical of the National Institute.

He is not the first to take this line: two years ago the late George Polanyi suggested that the NIESR grants should be spread more widely. But now Harris wants all subsidies to end in case the subsequent results of the research may, "however unintentionally," reflect or be tailored to Government policies or requirements. An honourable and moral stand to take, but not one guaranteed to make Harris popular with fellow economists who benefit from existing subsidies.

Till the pips squeak?

In his will the late James Horley, one time mayor of Altrincham, requested that a new lemon should be cut in half with one half sent to his tax inspector and the other to the collector of taxes. With each was to be sent the message, "now squeeze this."

Observer

FINANCIAL TIMES SURVEY

Monday November 3 1975

COMMERCIAL VEHICLES

The new truck models that have been introduced in the last year have arrived on the market at a time when it was least able to absorb them. Sales have fallen off and recovery appears still to be some time away.

Major problems all round

By Terry Dodsworth

THE LAST 12 *months have not* proved a strikingly impressive example of the forecasters' art in the motor industry. While *the world has slipped into* recession, new products, representing major investments, have rolled off the truck production lines across Europe, dropping into the market at the one moment when it was least able to absorb them. With productive capacity swinging sharply into surplus, extensive price cutting and discounts are now trimming the margins of all the major producers. Recovery, according to the manufacturers, is still some time away.

The activity in new models has been particularly pronounced in Britain, for reasons that go back to the reluctance of British Governments in the 1960s to step up the weight limits on heavy trucks. This gave the Continental manufacturers a big technological lead, which the British companies, because of their traditional concentration on third world markets rather than Europe, did very little to combat. The eventual decision to put up U.K. weight limits to 32 tons thus brought a flood of foreign manufacturers into Britain, and the new ranges of vehicles now coming on stream represent the response to this invasion.

In effect, what these models mean is that the U.S.-controlled multinationals have at last decided to enter the European heavy goods market in earnest. Ford, Bedford and Chrysler all tend to concentrate their truck production in Britain, where they have applied their American style value engineering techniques to make a relatively cheap range of vehicles in a utility mould best suited, it *used to be thought, to the* U.K. market and the Third World. Until recently in exporting terms the investment in the U.K. seemed primarily directed at finding a way into Imperial Preference territories; consequently Europe, with its high tariffs, took second place as an export market, as indeed it has traditionally done for the British-owned manufacturers.

Reserves

Entry into the EEC has changed all that, and a shift of thinking has been evident for some time at Bedford and Ford in particular. Both companies have been building up distribution systems in Europe on the back of their small and medium range vehicles, and both have proved that the price competitiveness of British-*produced vehicles can win sales* in the EEC: Ford's Transit, for example, has now established itself in all the major markets, and Ford claims that out of a total European market of 442,000 in this range of light and medium weight vans, the Transit has an 18.8 per cent share.

The addition of new heavy trucks to the ranges offered by Ford, Bedford and Seddon Atkinson (taken over a year ago by International Harvester), gives them access to a sector of the market which, despite the present recession, should in the long term prove to have the most growth. No major manufacturer can readily afford to ignore the heavy goods sector—Fiat has also emerged *this year with a new range,* the 170/190—and Ford and Bedford have timed their entry at a point when they already have *the well-established distribution* systems necessary to compete in this field.

Like the American-owned British companies, British Leyland has also begun to bring Europe within its sights. Part of Lord Ryder's plans for the future of the company were that the truck and bus interests should aim to increase their *penetration of the Western* European market from their present 1 per cent. to 5 per cent. over the next eight years. In order to help *BL* will get £230m. for investment in new plant, engineering and test tracks in the truck and bus section.

The implication of such policy developments is that the future lies with the big battalions. *Indeed, there has been a classic* example this year of the thinking of the truck industry in the completion of the merger between Fiat and Magirus Deutz in Germany which brings together a production organisation straddling the three major Continental countries. The merger, concluded through Iveco, which is 80 per cent. owned by Fiat, and 20 per cent. by KHD, means that Fiat has built up a total truck capacity of about 110,000 units a year, based on Fiat and *OM in Italy,* Unic in France, and Magirus Deutz in Ulm.

Fiat argues that such an organisation gives it the benefit of large-scale economies in buying components, and that over the longer term both design and manufacturing facilities can be rationalised to get longer production runs of major sub-*assemblies and even finished* products—although the new heavy truck range will be made in both Italy and France. One of the advantages of the pan-European concept may come in export markets, for Italy will be charged with exporting the heavy trucks to areas where Fiat has been strong in the past, and Unic *will export to its own spheres* of influence.

But what does this mean for the smaller truck producers? This year again there have been two examples of the problems facing the specialised concerns, when both Fodens and DAF, the Dutch manufacturer, ran into trouble and had to be rescued.

The *problem for small* producers, particularly at times of acute competition as at present, is to maintain margins in the market place against large manufacturers who can trim prices because of greater productive efficiency. These difficulties are made more acute when manufacturers, like Fodens and DAF, are based in wide-open markets where there is considerable international opposition: unlike the successful Swedish producers, Volvo and Scania, they *do* not have the reassurance of a strong presence in their home market to fall back on.

One way of combating size is the "proprietary" method of production, whereby the assembler buys most of the major components from outside suppliers, and simply aims to get the optimum size of assembly plant while producing the quality in the final product by the excellence of the assembly method. There is considerable debate about the merits of this system, which is employed successfully by Volvo on its car side. Many British truck companies have used it in the past quite happily, and despite *the rash of mergers over the* last decade, major component businesses — engine and transmission manufacturers in parti*cular — continue to thrive.*

Fodens, in fact, was in the process of adding a "proprietary" type assembly capacity to its plant in Sandback when it ran into financial trouble. Over the years, Fodens' strength has been based on a contrary philosophy—that it should make as many of the major components in its vehicles as possible, thus ensuring a high-quality, high-premium truck. But it came to believe that the only way to grow from its very limited *size,* and thus protect itself from larger predators, was to graft on a production unit which was flexible enough to produce a *straightforward* assembly line vehicle, or one containing a high degree of special, customerised parts.

Fodens had the mischance to bring in its new plant—one of the most sophisticated in Europe—when the market had gone flat, and a quick recovery for the company undoubtedly depends on an improvement in *the home market. One of the* lifelines for the company this past year has been in the Middle East, where Fodens has had a long history of exporting to the Gulf States, and where its heavy, premium trucks are ideal for the conditions; but the slump in the home market, combined with the loss of confidence when the company was talking of financial assistance with the Government, has hit

CONTINUED ON NEXT PAGE

NEW REGISTRATIONS - 9 MONTHS STATED

Manufacturer	Car Derived Vans and Pickups Jan.-Sept. 1975	Car Derived Vans and Pickups Jan.-Sept. 1974	Other Goods Vehicles up to 3½ tons Jan.-Sept. 1975	Other Goods Vehicles up to 3½ tons Jan.-Sept. 1974	All Other Goods Vehicles Jan.-Sept. 1975	All Other Goods Vehicles Jan.-Sept. 1974
BRITISH						
Bedford	11,243	11,006	11,347	14,512	8,729	8,262
British Leyland	25,168	22,601	15,895	15,114	10,745	12,791
Chrysler	—	—	7,485	8,970	4,201	3,910
Ford	12,851	16,651	27,172	28,434	11,107	8.959
ERF	—	—	—	—	1,208	1,444
Foden	—	—	—	—	740	1,183
Seddon Atkinson	—	—	—	—	2,065	2,083
Others	14	25	46	47	573	1,779
Total British	49,276	50,283	61,945	67,077	39,368	40,366
IMPORTED (Major marques)						
DAF (Holland)	23	387	—	—	414	516
Chrysler (France)	4,257	5,794	—	—	—	—
MAN (FDR)	—	—	—	—	222	—
Magirus Deutz (FDR)	—	—	—	—	94	—
Mercedes-Benz (FDR)	—	—	726	516	697	946
Volkswagen (FDR)	—	—	4,193	6.316	—	—
Fiat (Italy)	—	—	1,351	1,778	284	159
Mazda (Japan)	—	—	1,082	744	—	—
Toyota (Japan)	—	—	2,187	2,474	—	—
Scania (Sweden)	—	—	—	—	561	890
Volvo (Sweden)	—	—	—	—	1,710	1,966
Total Imported	5,976	8,276	9,760	12,251	4,129	4,989
GRAND TOTAL	55,252	58,559	71,705	79,328	43,497	45,355

Source: Society of Motor Manufacturers and Traders.

Bus operations at the crossroads

THE LAST 18 months have been dismal ones for the bus industry on every side. Operators have watched costs swell by undreamt of amounts while Government pressure on spending and the law of diminishing returns as far as fares are concerned have limited their room to manoeuvre; passengers have felt the impact of beftily rising fares nonetheless and suffered from yet more service cuts with the threat of worse to follow on both counts; and vehicle manufacturers have failed to meet the demand for new buses—and spare parts for existing ones—in a way which has compounded the difficulties being felt all round.

For the operators, the next few days could well be crucial ones. This month should see a conclusion to the negotiations between local authorities and central Government over the level of revenue subsidies to bus operators in the next financial year. And on the outcome of these depends the short-term future, at any rate, of bus servires in many parts of the country.

That the central Government subsidy to bus operations is to be reduced as part of the general pressure on public spending is already clear. Under the complex allocations/grants system which operates on revenue subsidies (capital expenditure is treated differently, while there are also fuel duty rebates), central Government lays down guidelines for local authority spending on public transport and then meets part of the cost (70 per cent. of the recommended figure this year) through grants to the counties concerned. The 1975-76 allocation is £123m., but the figure for next year has already been provisionally set at £91m. (at 1975 prices; whatever sum eventually emerges from the negotiations now in progress will be raised to allow for inflation). As yet, the proportion of this to be met by the central exchequer has not been agreed, but it is unlikely to be more than last year's percentage.

These figures alone show graphically the situation operators find themselves in, particularly as fares—up by 30 to 50 per cent. in many areas so far this year—have already been raised to what many operators regard as the limit if passenger loss as a result of the higher charges is not to become so great as to negate the hoped-for increase in income.

The campaign to get the grants figure raised has not been confined to the bus operators. Mr. Jack Jones, general secretary of the Transport and General Workers Union, last week warned that busmen might take industrial action to fight the redundancies threatened by the cash cuts. And he asked for an urgent meeting with Mr. Denis Healey, the Chancellor, and Mr. Anthony Crosland, Secretary for the Environment (and, as such, Britain's transport and local government overlord). According to Mr. Larry Smith, the Union's national passenger transport secretary, something like 10,000 of the country's 200,000 busmen could find their jobs at risk within the next few months. The industry needed an injection of around £200m., he claimed.

Yet the news is not all bad—or, at least, it is better for some places than for others. For the cutbacks will—if local authorities adhere to the guidelines, and there have been signs that some will not—basically hit the main conurbations, and London in particular, with rural areas and the smaller towns better off than this year. In the past, the conurbations have received very much the larger part of the allocation. London's share this year was over 60 per cent., with the metropolitan counties served by the six passenger transport executives receiving around a third of the total. The so-called "shire" counties, housing more than 60 per cent. of the population of England and Wales and served largely by subsidiaries of the State-owned National Bus Company, received only 7 per cent.

National Bus itself, which has a statutory duty to break even taking one year with another (but reported a surprise £12.3m. loss in 1974 that, along with increased capital expenditure, consumed its entire £20m. cash reserves), received just 5 per cent., leaving it to raise 90 to 95 per cent. of its revenue from passengers compared with around 80 per cent. for London Transport and the PTEs, under 75 per cent. for British Rail—and only 50 per cent. for many bus operators elsewhere in Western Europe. It is small wonder that London fares are so much lower than those on most National Bus subsidiaries, and services so much better (even if they may compare unfavourably with those of some of Western Europe's other major cities).

Allocation

Next year, the tables are turned. The Government has made it clear that London and the metropolitan counties are to receive a great deal less of the allocation than in the current year, with the "shire" counties receiving more in cash terms than at present. (National Bus needs an additional £20m. at least.) Nonetheless, for both the National Bus routes and those in the conurbations, ratepayers are likely to find themselves forced to pay significantly more towards bus services than they have been if further service cuts are not to be made. In London, the Greater London Council has been issuing dire warnings about the cost of maintaining services at their present level, while Dr. John Gilbert, the Minister for Transport, has spelt out the message to counties in unequivocal tones. "If a county has decided not to support particular loss-making services, it must be assumed that these will be cut," he said in July when the counties submitted their initial Transport Policies and Programmes indicating the level of support they were prepared to give NBC services.

So, for passengers and ratepayers, the prognosis is bad. Making it worse are the problems of bus manufacturers—and this largely means British Leyland and its joint National Bus Company offshoot, Leyland National. For passengers, most noticeably in London but elsewhere too, are not only being faced with reduced services as part of a bid to cut losses; they are also being hit by the sheer unavailability of buses to allow schedules to be maintained.

On any average working day, London Transport in particular is short of 400 buses out of a total fleet of 5,500. With a delivery delay of nine months for new vehicles from British Leyland, and up to 15 months for parts for existing vehicles in need of repair, LT has been driven to hiring coaches from other operators and putting 1,800 old buses considered to have reached the end of their economic life back into service in a bid to meet the gap.

The causes of the delay in part go back to the three-day week of two years ago, which severely hampered production, creating a backlog of orders whose effects are still very much being felt. Strikes and a lack of investment on the bus side of Leyland's business have not helped the situation (and it is noteworthy that the greatest share of Leyland's £120m. investment programme in the current financial year is to be concentrated on the truck and bus division).

Nonetheless, the problem, particularly acute as far as double-decker vehicles, where BL has a virtual monopoly, are concerned, cannot be laid solely at Leyland's door. Many parts are bought in from outside and there is, for example, a worldwide shortage of pistons. Inconsistent ordering patterns by the operators, both in terms of the actual placing of orders and the specifications laid down for vehicles, have not helped. A major factor has been the turnround in union attitudes to one-man operation, now increasingly common, though London Transport has placed in abeyance its original decision to convert most of the capital's services to this system.

Initially, the unions strongly opposed one-man operation on double-decker vehicles, and this was a significant factor in the setting-up of the Leyland National operation, with its concentration on single-decker vehicles turned out by car-like assembly-line methods (which in turn represented something of a breakthrough in bus production). The result is that Leyland to-day has the capacity to build 2,000 single-decker buses and 1,000 single-decker coaches a year but only 2,300 double-deckers. The surge of demand which followed the unions' reversal of their stand against one-man operation of double-deckers, however, has brought the current order level to about 3,000.

It is against this background that other companies, both at home and abroad, have entered Leyland's traditional preserves. Both Dennis Motors, the small Guildford-based truck producer, and Fodens have announced tentative moves into the double-deck chassis business, while Metro-Scania, the Birmingham-based joint Saab-Scania/Metro Cammell Weymann operation, and Ailsa, a joint operation in Scotland by Volvo and the Alexanders bodybuilding business, have been achieving considerable success in this field, as they have in the single-decker market too. Despite the strong Swedish connections, however, both these companies' vehicles have a very high U.K. content, and bus imports have remained low.

Earnings

Last year, 1,404 buses, worth £1.1m., were imported into this country, half of them coming from West Germany. The first eight months of this year saw imports running at a slightly higher rate—996 vehicles worth £751,000 (with 419, worth £294,000, coming from West Germany, and 433, worth £296,000, coming from Portugal)—but only slightly so. Exports, by contrast, amounted to 21,758 vehicles worth £12.3m. last year (with Sweden the largest market in value terms though Turkey took more vehicles), while the January to August period saw 11,203 U.K. buses sold abroad to bring £11.1m. in foreign exchange, earnings to this country (with a very signficant proportion—some 1,900 vehicles worth £2.37m.—accounted for by orders from Iran). U.K. production this year has also improved: January-August saw 22,015 vehicles (13,650 of them for export) come off the production lines against 20,738 (13,475 of them destined to go abroad) a year before.

Meanwhile, the overall bus scene remains an extremely lively one. Passengers may face higher fares and, possibly, still fewer services, but there is some consolation to be found in the various means being looked at to improve their lot. Bus lanes in urban areas, speeding-up journey times—and also possibly reducing operators' costs, since a faster journey can mean that fewer vehicles and men (an important factor when labour accounts for 70 per cent. of overall costs) are needed to operate a particular route—are one obvious example. There are the various dial-a-bus experiments which seek to give the bus something of the flexibility of the taxi, the Superbus scheme in Stevenage New Town, with frequent flat-fare services tailored to the special needs of the area, the Runcorn busway scheme, the bold planning for bus operations in the new city of Milton Keynes, and a host of others.

Postbus services have been introduced in rural areas, and one group of villages in East Anglia without any public transport is being made the recipient of its own mini bus to be operated by the inhabitants themselves but serviced by National Bus and part paid for to start with by Norfolk County Council, which has strong hopes that viability will be achieved relatively soon.

On the traction side, experiments with electric buses continue, perhaps leading up to the day when the pollution, both aural and physical, of the diesel-powered city bus is a thing of the past—although results so far indicate a long wait ahead.

Thus, suggestions that bus operation is a dying industry can easily be refuted. NBC, for example, is actively involved in 18 new towns, putting a great deal of thought to the provision of public transport facilities where there were few or none before. And, with private motoring becoming more and more expensive and socially less desirable, buses could even have a growing role to play, at least in the long term, even thougt they are no substitute for the private car in many ways.

Yet, when all this is said, there is still a great deal which needs to be done. In many areas, personal mobility for those without cars is less than it was a century ago thanks to the cutbacks in public transport. In others, catching a bus is a hazardous business, with no information on bus stops and precious little on the buses themselves. Bus-rail links in many towns are practically non-existent.

There is a double need here. First, given that most of the significant economies in operation that can be achieved already have been, short of slashing services, and that fare rises may be near the point where they are self-defeating, a good deal more outside cash is required. In the present economic climate, this is clearly not on, but a system of costing which took account of the many indirect benefits of increased public transport use might make it more feasible for the future.

Second, it needs to be made a lot easier for people to use buses. This does not necessarily mean increased service frequencies, but it does mean more reliable ones. And it means giving a maximum of on-the-spot information to would-be passengers and a great deal more co-ordination of the type often lacking even between overlapping subsidiaries of National Bus operating in adjoining areas. Talking to those concerned with the running of bus services, the uniform characteristic of the men at the top is enthusiasm for what they are doing. But all too often that enthusiasm seems to be sadly lacking at the point where the passenger actually boards the bus.

David Walker

Problems

CONTINUED FROM PREVIOUS PAGE

Fodens hard: now that it is set on an even financial keel again there are signs that customers are coming back.

Opinions are acutely divided on when the upturn in the British and European market will come. Continental Europe, however, where the heavy goods sector has slipped back by at least 20 per cent. this year, is expected to begin moving up earlier than the U.K.—Fiat, for example, believes that there should be an improvement as early as the second quarter of next year. Britain may have to wait until 1977, according to the more pessimistic of the forecasts.

So far this year, the U.K. picture has been extremely patchy. Looking at the whole of the 3½ ton and over market for example, sales, at 43,500, over the first nine months of this year have only been down by about 4.5 per cent.; but within this total the heavy goods and building and construction work vehicles have lost a very large number of sales, while the smaller distribution vehicles have held relatively steady. Light van sales have suffered heavily—a 12 per cent. drop to 71,700 registrations—which is probably partly due to their escalating prices.

Amid all this gloom, the one bright feature for British manufacturers this year is the way in which they have pushed back the importers' challenge. Although newcomers like MAN and Magirus Deutz have managed to establish a precarious foothold, the big importers—Volvo, Scania, Mercedes, Daf—have all suffered setbacks; only Fiat has managed to increase its sales in the heavy vehicle range, and overall the importers have slipped back from sales of 5,000 last year to 4,100 this.

In this context it is unfortunate, from the British importing position, that Ford has chosen to assemble its new Transcontinental at Amsterdam. On the other hand, entry into the EEC means that in the longer term there must be much more inter-trading between European partners, and more of the home market can be expected to go to imports: the significance of the last 12 months for the British industry is that it now has products with which to fight back in the importers' home markets as well.

Terry Dodsworth

Heavy market in decline

BOOM TIMES have turned very swiftly to depression in the heavy truck market this year. According to some estimates, sales of trucks in the 30 ton and over gross vehicle weight category have suffered a 20 per cent. decline across Europe on the levels of last year. The prospect, at least in the U.K., is equally gloomy, for only a radical improvement in economic conditions can pull back the business to the levels for which investment has been ploughed in over the last five years.

This investment has been very considerable indeed, bringing several competitors into the business for the first time. These include Ford, which is the biggest commercial vehicle producer in Europe, if car-derived vans are taken into the equation, Bedford, the U.K. subsidiary of General Motors, and Seddon Atkinson, now a subsidiary of yet another American multinational, International Harvester.

Alongside these are the established producers, Mercedes Benz, the biggest manufacturer of trucks over 3½ tons in Europe, Fiat, which has put together a Europe-wide truck manufacturing concern, the Scandinavian companies Volvo and Scania which have chosen to concentrate on heavy trucks, and British Leyland. Among these Fiat has also just brought out a new range of vehicles.

The heavy investment in this sector is related to the long-term trends of the haulage industry, which show a gradual replacement of smaller and lighter vehicles by heavier trucks capable of carrying more. In effect, although the total load carried on the roads has increased considerably over the last decade, the number of trucks has remained relatively static, while their weight has increased. As trade within Europe becomes more cosmopolitan, and trading links with the Middle East and Africa extend along lorry routes (the road to Iran, while still hazardous, now takes enormous amounts of traffic), the heavy, containerised shipment is coming more and more into its own.

The present hiccup in this development has been caused partly by the stagnation of this kind of international business, and partly by the costs of running heavy fleets. When trading conditions are difficult, and margins low as they are at present (one estimate of British hauliers' margins puts profits at about 4 per cent. on capital employed, a rate which does not cover replacement costs), the temptation is to spend money only on smaller vehicles. There is more certainty, at least, of filling these, and the cost is relatively lower, given the £12,000 to £15,000 price for heavy 30 tons and over trucks.

Pattern

There is considerable uncertainty in the truck industry on prospects for the near future, but on the Continent at least there are hopes that business will begin to pick up by the second quarter of next year: the recent signs of an improvement in both the German and French car industries are taken as healthy indicators since the truck industry's cyclical pattern of trade usually follows the car industry by a few months.

One of the problems of the development of the business that will then increasingly face both manufacturers and operators is the legislative confusion which still exists in Europe on vehicle weights and axle loading. With Britain, for example, insisting on a top gross vehicle weight of 32 tons, while Germany goes up to 38, and several other anomalies, there are distinct obstacles to the rationalisation of the business. Nevertheless, the pace of pan-European economic development is forcing the rate of change and despite obvious continuing difficulties in unifying the European approach (Britain, for instance, is still refusing to use the tachograph), manufacturers are now having to develop vehicles with a European appeal.

For instance, Ford's new truck, the Transcontinental, is a vehicle which brings together many European talents. For its first venture into this highly specialised business, Ford decided to use a "proprietary" approach—that is, buying in most of the major components and concentrating its own efforts on assembly. Made by Dutch workers in Amsterdam, the trucks in fact utilise about 60 per cent. British parts, including engines by Cummins (like Ford, another U.S.-controlled operation), and cab designed by Berliet, the French truck concern owned by Renault.

This kind of proprietary approach has been a feature of the British industry for many years, though less so on the Continent, where companies like Mercedes and Fiat have traditionally had a high degree of vertical integration. The result of this policy in Ford's case is a vehicle which has none of the national or corporate peculiarities of style which used to characterise truck design; indeed, as far as new cabs in general are concerned, there is a growing convergence of style—as can be seen by a comparison of one of the new Fiat trucks with a Transcontinental—partly because of the need, for length reasons, to place the cab directly over the engine, and partly because engineers are finding common answers to the tough safety and environmental regulations.

The decline of European parochialism in the heavy truck market is analogous to that experienced by the car industry. In Britain it has become particularly noticeable over the last five years or so, when the Scandinavian producers have managed to get a major foothold in the U.K.—coming in at a time when British heavy trucks were scarce—to be followed, though less successfully as yet, by DAF, Mercedes and Fiat.

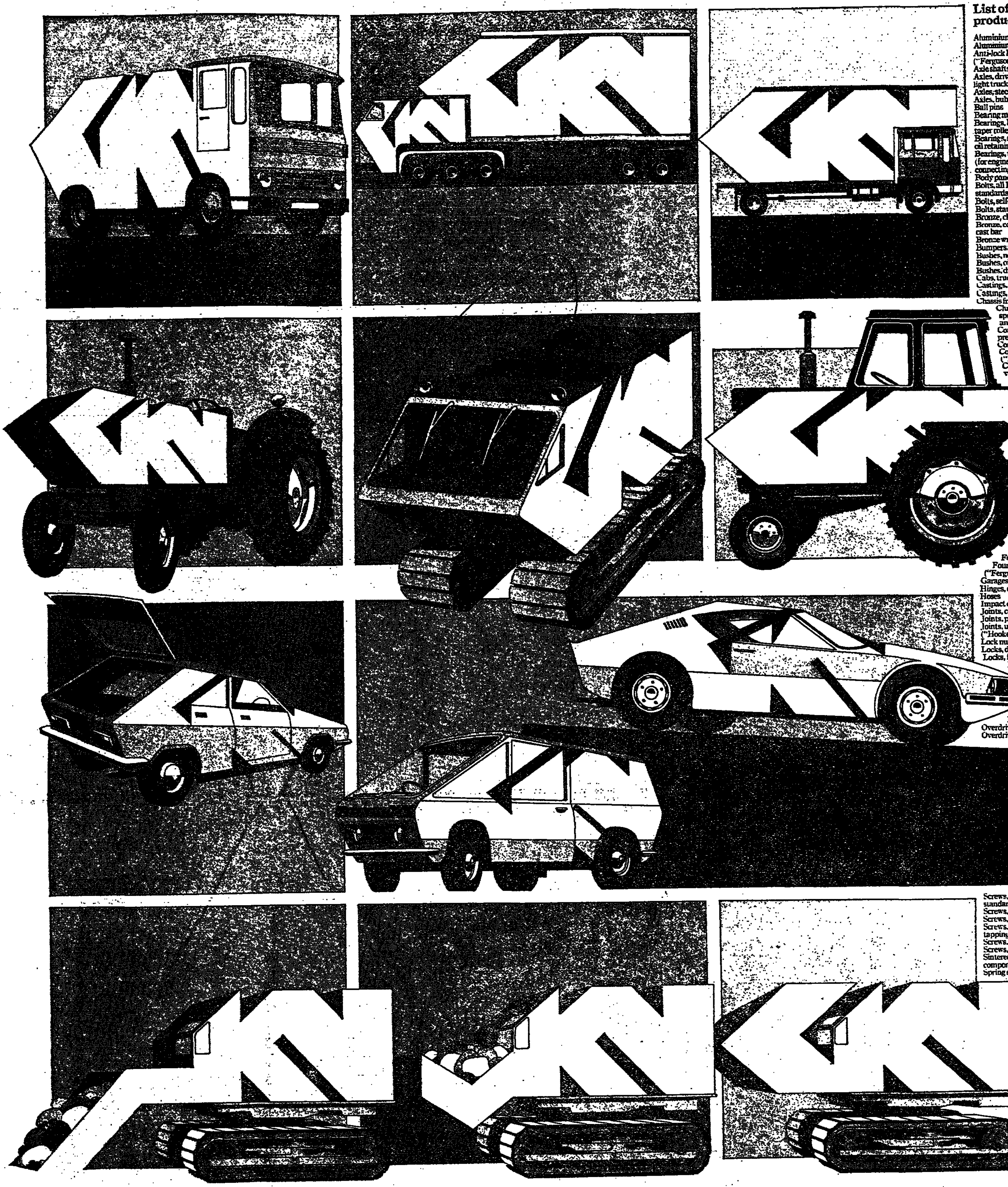
Intense

There was a time when loyalties to a particular marque in the haulage business was intense—indeed, it still exists up to a point, accounting for the continued existence of a small diesel engine company like Gardners. But these feelings have been hit extremely hard by the economic realities of the trans-Continental haulage business. This requires an international system of distribution, with parts and service facilities laid on across frontiers, and available at a few hours notice. Even more than in car distribution this is essential: a cargo of refrigerated or perishable goods, for example, simply cannot be held up indefinitely by the absence of a spare part. Thus the economic pressure on manufacturers demands that they move dealerships and spares facilities into territories where their trucks may be used, while hauliers want to buy vehicles which can be assured of service hundreds of miles from home.

Given these conditions, the Scandinavians and Mercedes are already in strong positions, while Fiat, by virtue of its Iveco associate company, has a network of manufacturing and distribution establishments across Europe, concentrated on the three major areas of Italy, France and Germany. The multinationals, particularly Ford and Bedford, are also in a strong position, since they have a presence, by virtue both of their car and small truck distribution, in most major areas of population.

Of all the big European companies, British Leyland possibly faces the largest challenge in this field since it starts from the lowest point, having concentrated on the third world and Commonwealth rather than Europe in the past. As it tries to get into Europe BL will face a tough challenge, for the stakes are high in the heavy trucks business, and competition intense—witness the problems Mercedes and Fiat have had in trying to enter the U.K. market. But one thing is certain: any company that wants to remain a major force in trucks until the end of the century cannot afford to be unrepresented in this, both the glamour and the growth end, of the market.

Terry Dodsworth



Revived interest in battery power

THE RAPID and traumatic increase in fuel oil prices towards the end of 1973 inevitably led to a renewed search for alternative methods of motive power and to a re-examination of forms, principally electricity, which had been previously rejected on cost grounds. This year has seen an enormous amount of new activity in the electric vehicle field both in this country and in Europe—particularly Germany—Japan and the U.S.

The concept of battery vehicles is far from new. The first practical electric carriage was made almost 140 years ago, only a few years after Faraday's discovery of electromagnetic induction. The first commercial passenger-carrying battery operated vehicle in the world was introduced by the Paris Omnibus Company in 1881, and by the end of the last century electrically powered bus fleets were appearing in Berlin, Paris, New York and London. The world's first taxi cabs were electric while it will come as a surprise to many to know that the world's first land speed record, in 1898, was established by a battery powered vehicle with a breathtaking velocity of 39 m.p.h. Queen Victoria is even said to have looked favourably upon this version of the horseless carriage, which, it was reported was "adopted by the aristocracy of London, Paris and New York."

But the simple fact was that the invention of the internal combustion engine, with its far superior performance and more economical running costs, drove the battery powered vehicle as a form of open road transport into the science museum. There are still few signs that it is going to make any large scale break out. This is not to say that there is no scope for the electric vehicle. Indeed, there are, at this moment, in the region of 45,000 battery powered electric vehicles on the roads of Britain, most of them milk floats, while the pollution free qualities of the electric engine have made it a must for internal factory use, where the fork lift truck is in fact helped by the weight of the lead acid battery.

The Lucas electric bus in operation in Manchester.

Pace

Oil crisis notwithstanding, however, the fact remains that battery vehicles are still nowhere near competing with petrol and diesel cars, trucks and buses. Perhaps the most surprising fact in a world which has become blasé about the pace of scientific innovation is that there has been only minimal advance in battery traction over the past hundred years or so. Now, as then, the lead acid battery remains the most viable form of motive power, and although there are widespread experiments going on with high temperature batteries, principally sodium sulphur, and with other alternatives such as metal/air, the battery industry has still to make the significant breakthrough.

To fully understand the superiority of the internal combustion engine it is necessary to understand the shortcomings of the battery power, which is, to all intents and purposes, lead/acid power. The prevailing difficulties relate to weight, performance, range and time necessary to recharge. For example, the batteries used in the electric bus system now operating in Munchengladbach and Dusseldorf, which are lead/acid with advanced design features relating to cooling and automatic refilling, weigh 6 tons for each single decker. In terms of performance, the relatively high speeed and acceleration necessary for road use can only be bought at the expense of a much higher rate of battery rundown and the necessity of more frequent recharging and greater "downtime." Again, range is highly limited, with reported figures of 100 miles for certain vehicles obtained only as a result of single-speed driving with no stopping and starting. In town driving, range is cut down sharply. When it comes to recharging, a full recharge can take up to eight hours, which represents a further sharp restriction on flexibility of use.

These all add up to the fact that electric vehicles can only be considered as a viable alternative under fairly restricted circumstances, where range and performance are predetermined, where a long period is available for recharging and where environmental considerations are paramount. Since flexibility and freedom of use are at a premium in private car operation this has been felt to be one of the least suitable areas for electric conversion, although the Electricity Council is currently testing a number of Enfield 8000 electric cars.

Buses on the other hand, where routes are precisely known in advance have been considered much more suitable and a large number of experiments have been undertaken in the last couple of years. The problem remains however that although routes may be known, that still does not solve the range problem. Electric buses cannot simply be turned round at the terminus.

One solution to this problem is to replace "used" batteries with new ones and then recharge them away from the vehicle, although here the size and weight of batteries presents handling problems. This has been the method adopted by the GES consortium in Germany which has developed sophisticated automatic changing stations which can replace a battery in a matter of minutes and enable a bus to run a full and demanding daily service—in some cases working for more than 19 hours and covering well over 200 miles. Nevertheless, these buses, which are perhaps the most advanced developed to date, are still 80 per cent. more expensive than their diesel counterparts in running cost terms, once the expense of the driver has been taken away.

Costs

The issue of costs thus remains all-important. Studies published last year by the Transport and Road Research Laboratory point out that even a fourfold increase in fuel oil costs would not in itself be sufficient to gain the widespread use of electric vehicles.

Lucas and Chloride have both started running experimental electric bus services in Manchester this year, although they have each been beset with problems, and since each bus has fixed batteries, the question of lengthy downtime remains.

When it comes to commercial vehicles, long distance haulage is out of the question due to range limitations and the positively daunting size of the battery needed to power a 32 tonne lorry. Short distance urban carriage is considered more viable and there is a good deal of work going on at the moment in the one-ton payload range by companies such as Lucas in the U.K. and Volkswagen in Germany.

Another alternative which has been looked at, for example by Volkswagen, is the "hybrid" vehicle which is petrol/battery powered. However, the fact that Volkswagen's hybrid van is on the way to the Guggenheim Museum in New York is perhaps a fitting comment on its commercial viability. For the future, electric vehicles only appear to be a viable proposition where environmental considerations outweigh commercial disadvantages, although a scientific breakthrough could tip the balance.

Peter Foster

A specialised vehicle from Scammell.

A steady market for specialists

ONE OF the most intriguing sectors of the commercial motors industry is the manufacture of specialised heavy vehicles—the haulage machines that transport tanks and massive loads across deserts and rough terrain.

Scammell, the Watford-based company which has managed to maintain its identity within the British Leyland empire, can claim 50 years' experience in making "one-off" vehicles. Though the company has a range of basic vehicle types, any one of these can be redesigned to meet the needs of an individual customer. The company's design team can call upon the components and resources to equip a vehicle to serve virtually any transportation demand.

Scammell says that nearly the whole of its £4m. a year turnover is for export, principally to the Middle East, Africa, and the Third World countries where heavy vehicles are needed for development programmes. With such a market, competition is truly international.

Downturn

While the downturn in the world economy has certainly slowed down demand, the range of uses to which specialised vehicles can be put is so wide that manufacturers have not been unduly hit. Vehicles are usually supplied at a negotiated price and in times of economic uncertainty such negotiations may become more protracted.

Scammell, as one of the best known names in the world market provides a good example of the sort of qualities required for specialist vehicles.

The "Contractor" heavy-duty vehicle used with a Crane Fruehauf semi-trailer can haul military tanks, weighing up to 60 tons, at speeds of up to 46 miles an hour, over a 300-mile range. Scammell reports that the model has been supplied to governments throughout the world and operates reliably in conditions ranging from Arctic to sub-tropical.

A modern transporter must allow the fast deployment of armour without wear and tear on the tank or undue stress upon the crew. Equipment must also be provided to enable captured or broken-down vehicles to be moved quickly and easily to safety.

To demonstrate the flexibility of its Contractor, Scammell maintains that it can provide for the fast movement over differing terrain of armour such as the Chieftain, Russian T55, T62, and French AMX 30 tanks.

The vehicle has a turbo-charged 335 bhp diesel engine which enables it to operate efficiently at altitudes of up to 12,000 feet without loss of power. An integral engine brake is a valuable help in times of emergency. The gearbox has 10 normal and five deep reduction gears; all the ratios can be changed to suit the transporter to hilly or flat terrain.

So that the vehicle can cope with tropical operations, its engine is cooled to handle temperatures of up to 125 degrees F (52 degrees C). To aid the driver, the cab has a sun canopy and can be fitted with air-conditioning equipment.

Crucial to the operation of such specialist vehicles is careful attention to a design which will allow maximum stability and evenly distributed weight even over the roughest landscape.

The Contractor has a specially designed winch for military operations. Between 107 and 122 metres of 25 mm. rope can be carried on the vertically mounted drum, which has a particularly large diameter to reduce the bending stress on the rope. For tank recovery, special safety features have been built-in—a winch brake cut-out, for example, to prevent any run-back should the engine stall.

Top quality winching equipment is also a feature of another Scammell model, the "Super Constructor" wrecker/recovery vehicle. This basic chassis, first introduced in 1960, is designed to cope with transporting extra heavy loads across rugged terrain, and desert areas.

The wrecker/recovery vehicle, which as the name suggests can be used for recovering heavy plant or machinery from inaccessible places, can tow loads of around 100 tons.

The special recovery equipment, designed by Reynolds Broughton, includes a 20 ton winch and a ten ton crane which gives the vehicle an additional function as a mobile crane for use at base workshops. The winch itself has a bare drum line pull capacity of 25 tons, and a continuous line pull of 20 tons along the entire 150 metre rope length. Jacks come into force to stabilise the vehicle while the crane is in operation and a massive spade holds the Constructor during winching.

Rough

The sturdiness of such specialist machinery can be appreciated when it is realised that the chassis frame of the base Constructor has boxed side-members of half inch steel plate.

Scammell says that several European governments between them have ordered "many hundred" chasssis and draws attention to the vehicle's adaptability to rough ground.

For maximum articulation the Constructor is suspended on a threepoint mounting system, comprising pivots for front axle and each balance beam of the rear tandem bogie. Continuous drive to the six driven wheels is ensured and the 275 bhp Rolls-Royce engine is prevented from overspeeding by a special electronic device built into the gearbox.

Very high specifications and quality engineering are obviously necessary attributes for success in the manufacture of special purpose heavy vehicles. Within British Leyland, Scammel, with some 950 employees, provides a good example of a company trading profitably and pressing ahead to record valuable achievements in export markets.

Arthur Smith

Good export record

TRUCK EXPORTS have played a highly *significant and frequently* unrecognised role in the development of the British motor industry. Largely because in war time priority was given to commercial vehicle development over cars, the U.K. emerged in the late 1940s with a much stronger truck than car industry. Later, the powerful commercial vehicle industry was *to prove the primary force* in the series of mergers which created the present pattern of companies, for Leyland Motors, the most successful of the truck concerns, became the chosen vehicle for the rationalisation of the non-American-owned sector of the industry.

Leyland, in its heyday in the early 1960s under Lord Stokes, was a spectacularly successful exporter, winning big contracts all over the world, from its renowned bus deal in Cuba to the lorry assembly business in *Israel which has subsequently* been such a source of aggravation to British Leyland since it caused the company to be placed on the Arab boycott. Mercedes, Germany's most consistently effective motor concern of the last decade, is another example of a company which has risen on the back of truck sales, including a highly *successful export* business.

One reason for the seemingly untroubled growth of companies like these, and their apparently much more stable record than comparable car manufacturers, is the basic nature of the business. As a product, lorries are much closer to the capital goods industry than cars, which are effectively treated as consumer durables with all that implies in terms of price competition and fashion influences.

Prices are not such a key element in *the truck industry:* what matters, in a product worth between £5,000 and *£15,000, is not the odd £100,* but the quality of service and sales back-up, and personal relationships between the salesman and customer. At the same time, customers are more prepared to accept the need for the manufacturer to make a reasonable margin on the sale, unlike the average motorist.

Emphasis

Of all the large European commercial vehicle manufacturing nations, Britain has for many years been the primary producer. In 1973, for example, the U.K. produced 417,000 vehicles to France's 394,000, Germany's 299,000, and Italy's 135,000. This weight of production is partly due to the emphasis placed on road, as *opposed to* rail, transportation for freight, a far higher proportion of goods being carried by *truck in the U.K.* than in Germany, for example, because of the deliberate Government efforts on the Continent to keep freight on the railways.

At the same time the U.K. industry has been highly export orientated, with strong links *throughout the Commonwealth* and the third world. Part of the reason for this was the swifter development of the commercial vehicle industry in Britain, which meant that the American-controlled concerns tended to concentrate their CV production in the U.K. rather than Germany, where the main thrust of their car investment went.

Hence General Motors has built up the Bedford business in the U.K., while Opel has no CV production: in the recent reorganisation of GM's European interests Opel, rather than Vauxhall, took on the main *responsibility* for car engineering and development, while CV development remains unquestionably in the U.K. Chrysler has also concentrated a large slice of its European truck investment in the U.K.

Of the three multi-nationals, *however,* Ford has proved the most pervasive influence in commercial vehicles. Again it has chosen to keep almost all its CV production in the U.K., although the assembly of its new heavy Transcontinental truck—an important contract—has gone to its Amsterdam plant. In Britain, Ford has built up its dominant position in the manufacture of light and car-derived vans, and apart from the Transcontinental has developed to a point where it makes the whole range of vehicles.

The key question now for the future of exports will be the way in which the U.K.-based companies tackle the EEC market as tariffs come down. The major market for Britain has traditionally been the Commonwealth: with total exports running at about 38 per *cent. of production,* the Commonwealth takes almost half, and the EEC as little as 10 per cent. *This* balance of trade *is* expected to change greatly in favour of the EEC, and indeed needs to, if Britain is to balance the increasing penetration of its own market by EEC products.

Much of the burden of improving Britain's position in the EEC will fall on BL's truck and bus division, the third largest *producer in Europe of trucks* over 3½ tons GVW. The Ryder report on BL set an ambitious target for the truck and bus division, which suggests that it can increase its penetration of the Western European market from 1 per cent. to-day, to 5 per cent. by 1982.

Distribution

At the same time both Bedford and Ford, originally built-up by their U.S. parents on the basis of supplying the Imperial Preference territories, are stepping up their efforts in the EEC, where they now have reasonably well-established distribution systems. This is why their expansion into the heavy goods vehicle sector is being *treated so seriously* by their competitors: being the prestige products of the industry, the big *trucks provide the ideal spear*head for penetrating a new market, to be followed by lesser products.

While the EEC invasion is attempted, however, the British companies will clearly try to cling on to their traditional overseas markets. One of the strengths of the British industry *has been its flexible approach* to Commonwealth and Third World markets, where export of know-how *or* components *in kit* form is often as important as the ability to supply a complete truck. *To-day this* sort of business is becoming increasingly important throughout the developing world where the really impressive growth in truck volumes will inevitably be concentrated.

For the U.S.-controlled companies there may be some conflict of interest in developing these markets: In Saudi Arabia, for instance, it is the U.S. parent company, rather than General Motors' Bedford subsidiary, which has recently signed an important contract to build a plant.

In heavy trucks, indeed, where the American companies have always had a good exporting record, competition from across the Atlantic is increasingly building up, especially in *rapidly developing* markets like Iran. Mack Trucks, for example, has established a major presence in the Middle East. At the same time, British companies face increasing pressure from the Japanese commercial vehicle producers in the lower weight ranges: Japanese pick-ups have been an immense success throughout the Middle East—replacing the camel, it is said, for the nomads—and, to take another example, the Toyota Landcruiser has proved a major rival to the Land Rover throughout the world.

At the same time both Mercedes and Fiat are continuing to step up their overseas efforts, Mercedes from a strong historical position in exports, and Fiat from a base of good contacts throughout North Africa. In Iran, Mercedes is currently the largest producer of trucks and buses, followed by British Leyland. BL itself is making a big push into Africa.

Although at the moment the world truck market is suffering from the recession, there are *better hopes for swift recovery* in sales than for cars. In particular the capacity problems *which will* plague the European car industry for the next few years are missing; there remain major opportunities for a healthy export trade.

Terry Dodsworth

The British Leyland Super Constructor 50-ton-capacity oifield exploration vehicle in service with a Finnish firm.

Peter Fo

Vans and light trucks

UNTIL the large increase in production capacity for European heavy trucks began to come on the market about 12 months ago, the most competitive sector of the commercial vehicle industry was undoubtedly *in the lighter* vans and trucks. Almost all the European car manufacturers — Ford, Vauxhall and British Leyland in the U.K., Mercedes and Volkswagen in Germany, Fiat in Italy and Renault and Simca in France—were well entrenched in the business. At the same time they were fighting the marketing battle on a highly priced competitive basis.

The major investment switch into heavier vehicles has inevitably *distracted* attention from the lighter ranges, and shifted the most intense competition to the top of the market. At the same time sales of smaller vehicles have held up better this year than expected. For example, in the U.K., registrations of vehicles under 6 tons have declined by rather less than 10 per cent., against a *15 per cent. drop in sales of* heavy trucks of over 24 tons gross vehicle weight, and a marked *slip in sales of* construction vehicles.

Within Europe, Britain has a major opportunity for exports in the light- and medium-weight truck sector. In the medium-weight range of trade distributive vehicles, the Ford Transit, *made both in Britain and* Belgium, has established itself throughout Europe as a tough competitor, winning sales strongly in both Italy and France as well as Ford's native territories of U.K. and Germany. The Bedford CF and the British Leyland Sherpa have also proved competitive vehicles, with the Sherpa beginning to win back sales against the lighter Transit in Britain partly because of its ease of servicing and well-tried components.

Medium

The medium range of Bedford and Ford trucks—the Ford A series and D series, for example—are also finding their way *into the EEC, as* these two multinationals begin to develop their European strategy, which *so far has been based* on developing their truck manufacturing facility in the U.K. British *Leyland, which under the* Ryder proposals will launch a major assault on Europe, may also choose to concentrate on the medium size truck market.

New challengers, however, are continuing to emerge in this field. The Japanese, for example, *have* made *huge strides* in the last decade, with products ranging from a variety of pick-ups, to the Toyota Landcruiser, (which compete with the Land Rover in many markets), to light vans which, in the Toyota range, are beginning to establish themselves in the U.K. Japan easily outstrips any European nation to-day in its total commercial vehicle manufacturing resources.

In export markets this has given the Japanese companies considerable muscle. For example, in both the U.S. and the Middle East Japanese pick-ups, a vehicle configuration now *out of favour* in Europe, have carved out a strong position. In the U.S. pick-ups are often used as *second or third vehicles,* while in the hot Middle Eastern climate, where weather protection is less important, they are used as beasts of burden. In Australia and New Zealand, and throughout the Far East, the Japanese companies also have a *strong* grip on the market.

Europe, however, remains relatively self-sufficient in commercial *vehicles,* and in the light van sector has spawned a variety of contestants over the last few months. Among these is the Leyland Sherpa, and front-wheel drive vehicles from both Fiat and Citroen, which had worked on a joint development before breaking off their *partnership.*

With Mercedes already well established in this field since its takeover of Henschell-Hanomag (whose vehicles were substantially redesigned by Mercedes), the customer is now offered a wide variety of choice. *The strength of* the British companies in this competitive situation is their price, since *it was the British-based* designers, influenced by American thinking on value engineering, who first grasped the idea that these vehicles could be made to less exacting standards than is common in the industry, since the kind of loads they carried, and the work they were put through, was less demanding than for heavier trucks.

Loading

Like the light vans, light and medium-weight trucks come in for a variety of uses. In general their work is concentrated in the distributive trade, which may mean a pattern of long or short trips, and certainly implies a variety of loading weights, unlike the business generally contracted in the heavy weight ranges. Once again, the value engineering strategy applied by both Ford and Bedford to this business *have given them considerable* strength in the market place, but it remains an attractive area *for most manufacturers* because the distributive trades tend to swing less violently in response to economic depression.

Hence Volkswagen, for instance, is this year coming into this market with its LT truck, a new vehicle which uses a Perkins diesel engine as well as a petrol version, and which is designed to compete with the Ford Transit and Bedford CF. The company is aiming to sell some 4,000 of these in the U.K. in its first year—an ambitious target given the problems most EEC *manufacturers have found* in meeting the price competiveness of British manufacturers.

The medium-weight truck sector, covering vehicles from 6 to 16 tons gvw, has also led to one of the most unusual and radical adventures in European truck manufacturing in recent times. This is the so-called "Club of Four" programme, linking Volvo in Sweden, DAF in Holland, Saviem in France and KHD in Germany.

The link was forged in response to the increasing integration and size of the major European manufacturers, notably Mercedes, Fiat and the big British manufacturers, who were able to straddle the whole market with their products. The *Club concerns* set up a joint company, registered in both Paris and Amsterdam, to design and develop a common vehicle for assembly at their own plants at Eindhoven, Ulm, Blainville and Ghent. Purchasing and engineering is done separately, while production and marketing are the responsibility of the individual companies.

In some respects, substantial savings can be made on such a vehicle programme, partly by splitting development costs between four companies, and also by standardising on components: ZF gearboxes, for example are *universally used,* and each has a French-made cab (assembled by the individual manufacturers). The basic difference is in the engines, with each company free to develop its own.

Whether such projects can be repeated remains to be seen, although many truck company executives believe that the only hope of survival for smaller producers is to become involved in such joint ventures. The fact *is that a wide variety of choice* has been made available to the customer in Europe as trade barriers came down, and while this may be expanded still further by imports, it is difficult to see the scope for the number of companies now supplying the market.

Terry Dodsworth

Diesel sales a growth area

THE ONE unquestioned growth area in the world motor industry this year has been in diesel engine production. While this has affected the car industry—Peugeot of France, for example, stepped up output of its diesels by 30 per cent. last year to produce more than 100,000 diesel cars—the greatest impact of the development has been in light commercial vehicles. In this sector of the industry the diesel's disadvantages—weight, noisiness and lack of performance—are less important than its advantages in terms of fuel economy and low running costs.

Costs have proved the dominant factor of diesel usage over the years. For example, in America all goods vehicles, including the very heavy trucks, have tended to use petrol engines because there was little point, on cost grounds, in transferring to diesels. In Britain and Europe, virtually all heavy goods vehicles over 10 tons use diesel engines: since these trucks are bought to last for a long period—unlike the average small van which usually changes hands after two years—the extra capital cost of the dearer diesel engine is more than offset by the reduced running costs.

In the U.K. diesel engine production has been fragmented between several manufacturers, in contrast to the general European practice—followed unswervingly by Mercedes and Fiat—of in-house production. Some of the companies within what is now the British Leyland truck and bus division, have always been active producers—for example, AEC and Leyland Motors—but even they tended to offer alternative "proprietary" engines bought from outside suppliers. Many customers in what used to be an extremely parochial market were as loyal to a particular engine unit as to a specific range of vehicles, and the truck assemblers were forced to cater to these demands.

Variety

Because of this historical development the situation to-day is that there is still a large—and vigorous—variety of diesel engine manufacturers outside the major truck companies, chief among them being Cummins (U.S.-controlled), Gardner and Rolls-Royce. British Leyland also remains a major producer, but companies like Fodens, ERF and Seddon Atkinson offer a wide range of proprietary engines.

Growth in this sector has been inevitably inhibited this year by the downturn in the market, although Cummins, for example, has won the important contract to supply engines for the new Ford Transcontinental range, and Gardner has over the years followed an extremely cautious policy in estimating demand. However, in the light van range the last 12 months have seen an explosive expansion of demand, as operators in both home and export markets have sought to convert their fleets to diesel fuel as quickly as possible.

The main beneficiary of this trend in the U.K., apart from the diesel component suppliers such as CAV, is Perkins, the Peterborough-based and U.S.-controlled company which has an established strength at the lighter end of the market. Perkins has a healthy and growing export market, has tied up a manufacturing deal with Poland, and made a major breakthrough in Germany this year when it won the contract to supply Volkswagen with the engine for its new LT truck, VW's first light commercial. The Peterborough company has also recently tied up a deal with Hyundai, the new South Korean motor company, which is planning to produce its first car later this year and will then expand into commercial vehicles.

The M.A.N. 43.3 ton diesel.

The Volkswagen LT light van.

Demand for diesel engines to power the smaller commercial vehicles is reckoned to have increased this year by about 15 per cent. on a world-wide basis. Both of Britain's major light diesel manufacturers, Perkins and Ford, claim that they are finding it hard to keep pace with demand, and both are increasing their investment in this range of engines.

Perkins is investing some £10m. in new plant and development this year, having spent a similar sum last year, and Ford is planning to increase investment in its York engine which is fitted to both the Transit and the A series of light trucks. Since Ford began making its own diesels four years ago—previously it had used Perkins engines—their use in the Transit range has gone up from 10 to 25 per cent.

The buying patterns for both Bedford and Commer light vans bear out the evidence of Ford, since sales of diesel-powered vehicles have held more than steady against a decline in petrol-engined versions.

Elsewhere in Europe, diesels tend to have a tighter grip on the lower weight ranges of trucks. This is particularly so in Germany, the home of the diesel engine, where Mercedes—using the same engine for its light vans as the 240 saloon car—has a strong grip on this sector of the market. In France both Peugeot and Saviem produce diesels, and in Italy Alfa Romeo offers another range.

The present trend towards the diesel engine in Britain is now beginning to develop all the signs of permanency, with diesel sales rising steadily against a generally declining market. If the trend continues there is a strong possibility that diesel manufacturers could capture at least half of new U.K. registrations in this sector by 1978. This would compare with only a 30 per cent. share in commercial vehicles below 6 tons gross vehicle weight at present.

In the heavier-weight ranges the big question hanging over the market at present concerns vehicle weight legislation. Europe still tolerates a variety of upper sizes of trucks on its roads, but in due course the EEC will lay down regulations on maximum weights and axle loadings. The decisions on whether to develop more and more powerful engines—several manufacturers, for example, Fiat, are experimenting with turbochargers—will to some extent depend on the approach the EEC adopts.

Pollution

In recent years most engine development has been closely tied to legislation—much to the annoyance, at times, of the manufacturers. But governments, concerned to reduce noise and pollution, have applied considerable pressure on this aspect of engine development. Many of the truck industry's engineers now claim that this development has gone far enough, and that it is pointless to try to reduce noise levels further since the noise produced by engines is no greater now than that created by tyres.

Hence more of the emphasis on engine development over the next few years may well be in terms of efficiency. It is not clear as yet what influence that will have on the policy differences between those manufacturers who make all their engines and transmissions in-house and those who provide a number of options by buying from outside suppliers.

But it is significant that Ford, having thought hard about making all its major components for its new range, decided to go the proprietary route, and that even Fiat, one of the most vertically integrated truck companies in Europe, is taking advice on turbocharging from a British engine company, and has declared an interest in expanding its component buying network.

Terry Dodsworth

Steady progress towards common standards

OVER THE last few years new legislation has assumed an unparalleled importance in the workings of the commercial vehicle industry. The reasons are not hard to find. Public concern over the environmental consequences of vehicle noise and engine pollution have been one major factor. Equally, governments have been forced to adopt a cautious attitude to the pressure for increasing truck weights, both for safety reasons and the opposition that has developed towards the juggernaut. Thirdly, the whole of the European industry is now being enmeshed within a widening framework of legislation as the EEC sets about establishing common standards for both vehicles and haulage operations.

The work on environmental regulations has taken place mainly on engines and cab design. The effort to reduce noise has made a significant improvement to the new range of vehicles which are now coming on stream, although most engineers believe they are now approaching a point where further development is negated by road noises. At the same time there is an understandable desire among engine designers at the moment to get back to work on developing power and efficiency, having put a major part of the research effort over the last few years into Government-inspired projects.

At the same time, standards of cab design have advanced out of all recognition over the last few years. There are two sides to the question of improving cabs, the reduction of noise inside it, which benefits the driver, and the reduction of street level noise to the benefit of the general public.

Exacting

Although the standards set by legislation are regarded as fairly exacting by the industry, external noise levels, particularly when engines are under pressure or vehicles are travelling at speed, still leave a lot of scope for improvement. Whether the problem can be overcome, at a reasonably economical cost, is a moot point: many industry executives argue that the public has to bear some price for the benefits conferred by the expanding haulage industry.

The improved interiors of cabs, however, have undoubtedly given drivers a much more acceptable environment over the last few years. Seats are more comfortable, power steering the rule in larger trucks, the ride has been made much smoother and extensive padding has eliminated the harsher noises so that an average modern truck can be driven without the driver being aware of much more noise than in a modern car. At the same time, heating and ventilating systems and radios are universal. The construction of cabs, particularly cab roofs, has also been strengthened to give greater protection in accidents—lorry drivers are particularly vulnerable to loads pushing forward from the rear to slide over and crush the cab.

Questions

The most critical questions now facing the British industry however, concern harmonisation with EEC standards. A row has only just broken out over the question of the eight-hour driving day, acceptable to other EEC countries, but opposed by Britain, along with Denmark and Ireland, which wants to defer the application of the rule beyond its planned implementation date of January 1. The Government hopes to find an acceptable compromise to the conflict at a meeting of Transport Ministers due in December.

Another operational problem has been struck over the subject of tachographs—the automatic registers of drivers' driving times—which have been consistently opposed by the British trade unions over the last decade. The British Government believes that an "indefinite delay" in their introduction is necessary, and has asked the Commission's advice on what to do to avoid the introductory dates—January next year for new vehicles, and January, 1978, for existing ones.

More important for the vehicle manufacturers are the discussions on vehicle weights. At the moment, European standards are highly diverse: Germany and France, for example, allow 38-ton vehicles on their roads, but Britain only 32. But there are added complications: a French 38-ton truck cannot run at that weight in Germany because Germany resricts axle weights to 10 tons, while in France one of the four axles can carry 13 tons.

These questions are scheduled for discussion at the EEC in December, but it is not clear as yet whether any decisions will be taken then. The air is fraught with problems, not least the difficulties which different Governments are facing from the environmental lobbies which oppose any increase in lorry size. In Britain, Dr. John Gilbert, the new Minister of Transport, has indicated a reluctance to push vehicle weight higher, but has made no statement as yet. "Heavier is messier when it come to accidents," he is reported to have said when discussing the problem.

The issue of increased weights is particularly important to manufacturers working on new model lines. The U.K.'s hesitancy to increase vehicle size in the 1960s, for instance, is one of the reason's why Continental manufacturers managed to achieve such a strong lead in the field; it also partly accounts for the shortage of heavy vehicles when the legislation to go up to 32 tons was finally introduced, and the opportunity that gave to the importers to walk in and grab a large part of the U.K. market.

In spite of all the hitches, EEC legislation and regulations are steadily standardising the European industry: for example, the Community closely regulates vehicle travel across frontiers, allocating national rights on a quota basis. As this kind of control expands, the European companies are being pushed into a situation where manufacturing differences become proportionately less important to the customer than marketing, service and back-up facilities. This is the classic situation for encouraging mergers and rationalisation, and one important effect of EEC legislation may eventually be to create a much more streamlined industry.

At the same time, as trucks become heavier and larger, the pressure to keep them away from major population centres and from congested car routes will build up. So far, the idea of truck routes—like bus-only routes—has not met with much success, but there is still a strong lobby in favour of such a policy. Much depends on the growth of distribution systems but if the predictions of the escalating demand for moving goods about Europe turn out to be correct, and if the major burden of that falls upon the road system, it is difficult to see how Governments can avoid introducing further regulations.

Terry Dodsworth

Trailer controversy continues

THE PROBLEMS of the trailer manufacturers over the last couple of years have reflected precisely the difficulties of the road haulage industry as a whole. However, there have been a number of factors which have, in their case, aggravated the downturn. For the future, soul-searching over whether investment is worthwhile because of threats of nationalisation and general economic prospects has been made more problematic by uncertainty over vehicle weight legislation.

As far as the trailer industry is concerned, the biggest boost which it can hope for is Parliamentary approval for an increase in gross vehicle weights to 38 tonnes. Such legislation would stimulate business at the four- and five-axle articulated and "road train" end of the business. This issue of maximum weights has proved a *major stumbling block to transport* between member countries of the EEC, and although there is a good deal of inter-state road haulage, the array of different weight, construction and load distribution specifications in the various Continental countries still presents a daunting proposition to the "harmonisers" of Brussels.

The chain of events which leads to a cutback in investment *during a downturn in the* economy is the same in road haulage as in any other industry—a drop in business forces a cutback in operations *involving making* workers redundant, shelving capital expansion plans and cutting replacement expenditure to the bone.

This has been seen all too clearly in the experience of the tractor manufacturers, whose problems over the last couple of years have been worsened by the successful onslaught made by European producers on the British market. For the trailer manufacturers like Crane Fruehauf, York, Taskers/Cravens Hommaloy, M & G and the myriad smaller specialist concerns difficulties have been aggravated both my historical and technical factors, while the successful marketing of a number of foreign trailers here for the first time is considered ominous by many who previously considered the U.K. market a strictly domestic preserve.

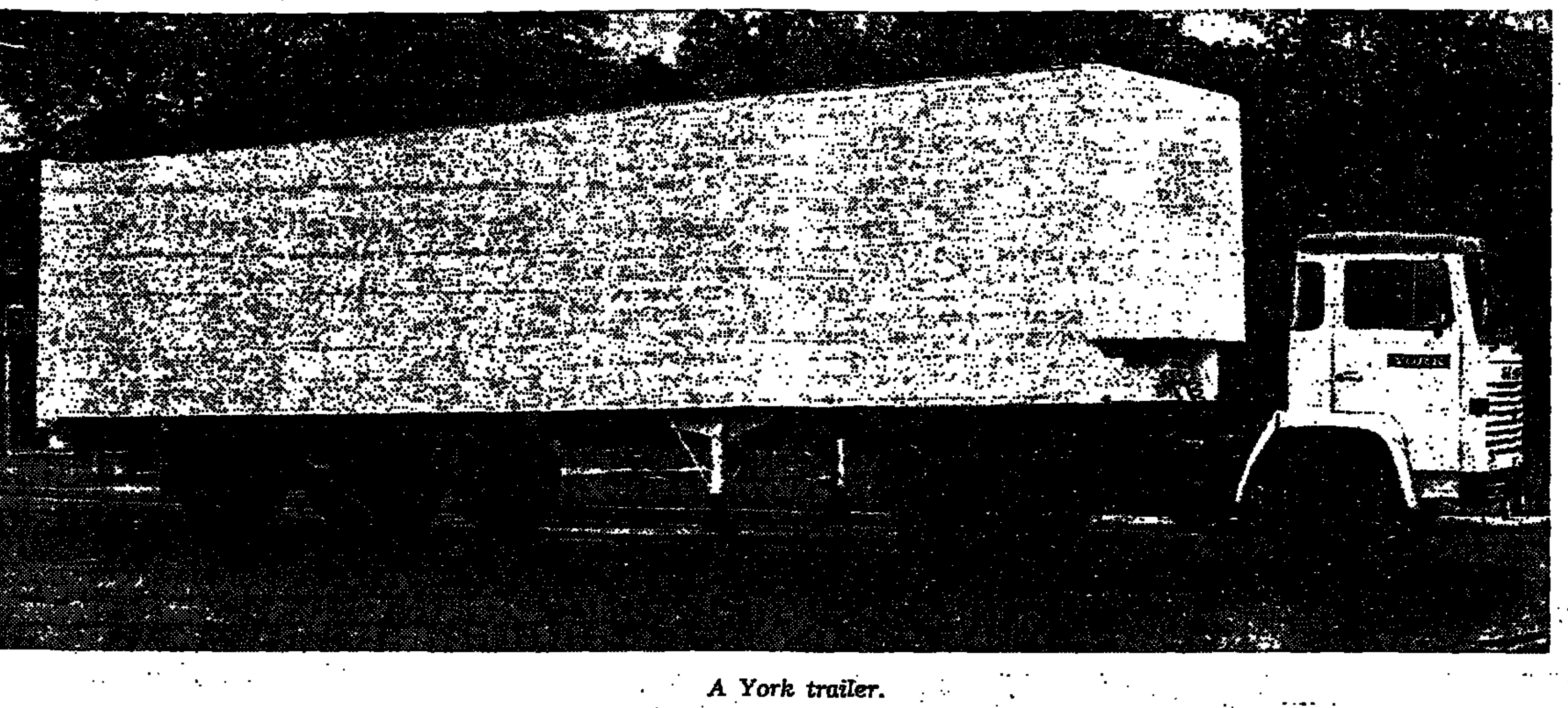
On the technical side, it is easier *to delay* the replacement of trailers than tractors when there is a call for pruning budgets because risks of breakdown and costly "downtime" are much less. Trailers are mechanically relatively simple, so there is less that can go *wrong with them. When something* does go wrong it is also usually much easier to repair. This means that patching up trailers is a more viable proposition than keeping on tractors, where repair costs begin to mount alarmingly after a few years' *hard* use.

Impulse

The other side of the coin is that the trailer unit is far less expensive than the tractor, so, in some cases, the haulier may buy "on impulse."

*In historical terms, the down*turn has been all the more severe for following ten years of almost uninterrupted growth. The period since 1964 has been *one of expansion* in the wake *of* increased vehicle weights and lengths and the ever-growing importance of the articulated lorry. Trailer output peaked at around 20,000 heavy units in 1973, while last year saw a drop to some 19,000, although this figure did not fully reflect the decline in demand and there was a marked increase *in stock* levels. Earlier in the year it was projected that production this year would stabilise at around last year's level, but *these estimates now appear to* be optimistic.

The main cause of this decline has been the fall off in demand for the ordinary flatback *trailer, which* has always provided the bread and butter business of the U.K. trailer industry. Crane Fruehauf, for example, the largest of the British manufacturers, was forced to prune its workforce on *the flatback side and its experi*ence was typical of other manufacturers. The situation with trailer vans and TIR units has not been as bad, with the latter *receiving a counter-cyclical* boost from the increase in haulage activity with Europe, the Middle East and Africa. In addition, the export market has been *showing* some healthy signs, with the leading manufacturers and a number of smaller specialists all increasing the amount of their overseas business.



A York trailer.

York now sends more than 25 per cent. of its output overseas; Crane Fruehauf exported as much, in value terms, in the first quarter of this year as in the whole of 1974, while *Cravens is building* up business with half a dozen major Middle Eastern countries. M and G sent around 20 per cent. of its output last year to Europe and Africa.

Crane Fruehauf landed two large contracts at the beginning of this year. The first was with Hungarocamion, the Hungarian state transport organisation, which ordered 100 refrigerated trailers while the other, obtained from Seaman Pak in Tehran, was for 200 tilt trailers. These two helped bring the overseas business in the first three months of the year to around £4m. Around a third of York's growing exports *now go to the key growth areas* of Africa and the Middle East, which is twice the proportion of eighteen months or so ago. In all, York has doubled its *export business over the last* four years.

Contracts

Cravens *Industries'* wholly-owned manufacturing subsidiaries Cravens Hommaloy and Taskers Trailers, which together hold some 15 per cent. of the U.K. trailer market, have recently won trailer contracts from Iraq, Abu Dhabi and the Lebanon, while the company *also points* out that a number of orders won from British companies will ultimately be shipped to the Middle East.

J and J Dyson's trailer sub*sidiary M and G last year sent* getting on for 300 units to Denmark, Holland, Switzerland, Australia, Libya, Kenya and Nigeria.

The U.K. rate of inflation, which continues to run at twice the level of most of our trading partners, remains a constant threat to export business. Although the impact is alleviated to a degree by the downward *float of* sterling, the *fall* in the value of the pound also serves to fuel the inflation further by boosting the cost of imported raw materials.

The economic problems of the last couple of years have led to a thoroughgoing reappraisal of the means of financing trailer sales. Until the end of 1973 and the beginning of the fuel crisis, around a third of trailer sales were financed through "traditional" bank and finance house sources. This figure incorporated sales to rental companies, so sales to *"straight" haulage businesses* probably did not account for much more than a fifth of total business.

However, the cash flow problems *of* the last *couple of* years have led to a much greater proportion of external finance as well as rapid growth in areas such as tax leasing.

Leasing's advantages have been dramatically emphasised over the last eighteen months, as the cost of new trailers has escalated. In addition, other schemes, such as rental-with-option-to-purchase, have proliferated in an attempt to get trailer sales moving.

The trailer companies have thus shown *their flexibility* in dealing with the crisis period of the last couple of years—helped by the exports—but although there seem to be signs of recovery *in* the domestic market, the glimmer at the end of the tunnel remains a little dim.

Peter Foster

Caravans take a knock

MOTOR CARAVANS, seen as one of the profitable growth sectors for commercial vehicles, have taken a knock over the past two years. From U.K. sales of 15,000 to 16,000 a year in 1972 and 1973, demand dropped last year to around 8,500 and sales this year are not expected to be more than 5,000.

As production schedules have been phased down in the wake of *this downturn* in demand, redundancies have resulted and several of the smaller companies carrying out conversions have closed down.

Accurate statistics are difficult to obtain as the definition of motor caravan tends to be rather loose. The term *is* generally taken to mean vehicles, such *as the Volkswagen Continental,* which can be used both as a normal family car and for holidays. Usually the vehicle is equipped with a small sink unit and *perhaps four bunk beds.*

Popular

The trailed caravan has always been *popular* in Britain and, with increased leisure time and growing prosperity, the motor caravan assumed an important role. The British market is now probably second only to that of America where the motor home tends to be far bigger and grander and where sales in 1974 were well over 100,000.

Though 1973 was a good year for the motor caravan industry *in the* U.K., two events were instrumental in checking the future growth of sales: the imposition of Value Added Tax in April followed by the energy crisis *later that year.* In common with the rest of the motor industry, demand tended to sag in 1974 as purchasers adjusted both to the higher price of petrol and to an economy that was moving towards recession.

Motor caravans often operate a very low annual mileage as they tend to be used primarily for holidays and as a second car. Once the gloom and *uncertainty of recession* begins to take hold people will retain a vehicle a little longer rather than replace it.

A further handicap to sales came this year in the Budget when Mr. Denis Healey, the Chancellor of the Exchequer, decided to make motor caravans liable for the 10 per cent. tax paid on motor-cars. VAT remained at 8 per cent.

Manufacturers of the vehicles find it difficult to isolate the impact of the new tax and regard it as yet another additional cost. The problem that *inflation* has caused is apparent from a quick comparison of price lists with those of just 12 months ago. To take one example, the Ford Motorhome, *which in* September 1974 retailed at £2,878, was priced this September at £3,924.

Confirmation, if *any* were needed, that the higher prices are restraining sales comes from the reports of heavy demand for second-hand vehicles.

Despite the current setback, there is a widespread belief that in the longer term prospects are good. Once the national economy *begins* to pick up towards the end of 1976, if current forecasts prove correct, then the customers should return. The salesmen point out that at a *time when hotel bills* are rising a motor caravan is a good way to cut the price of holidays.

One man who reflects the confidence of the sector is Mr. Iain Macpherson, managing director of CI Autohomes, a company which claims to carry out conversions for a third of the vehicles sold in the U.K. market. "The market has bottomed out. We have gone through a period of retrenchment and in 1977 we shall start *feeling* the benefits of the upturn."

He points to the growth of motor caravan hire as one factor which will help to *compensate for any fall* in direct sales to customers. Despite the gloom, companies offering hire facilities had enjoyed a good year and Mr. Macpherson believes such services will be used increasingly by foreign tourists visiting the U.K.

CI, or Caravans International, was *formed* through the merging of many independent caravan producers and is one of Europe's leading manufacturers of trailer caravans. However, the potential for motor caravans is also appreciated and Mr. Macpherson's company is looking for growth.

Exports

CI converts Bedford, Chrysler and Toyota vehicles to motor caravans but has an interesting arrangement *with* Ford to promote exports. Ford, after a long period of showing little interest in the sector, is out to increase its share of the market and in the Transit van has a vehicle suitable for conversion.

Accordingly, in addition to sales in the U.K., CI exports bodies to Belgium where they are married with Ford Transit *chassis and sold throughout the* Common Market countries. Mr. Macpherson sees this export drive as one way to compensate for the downturn in the home market.

Volkswagen, whose sole authorised converter in this country is Devon *Conversions,* claims that it meets around 40 per cent. of the U.K. market needs. VW was one of the first companies to realise the potential of the demand for recreation vehicles and has always had a strong presence in this sector in the U.K.

Only a few of VW motor caravans are imported in a completely made up form. These are supplied by Westphalia, the German motor caravan producer which is closely linked to VW, and are at the top of the price range. The other two models in the VW range are conversions undertaken by Devon.

Suited

VW, with its rear-engined vehicles and a flat petrol engine tucked away at floor level, is well suited for conversion to motor caravans. The company is confident about future sales in the U.K. and is sure these will be realised once the national economy becomes stronger.

In addition to CI and Devon, there are *many other companies* which carry out conversions to motor caravans but the dramatic decline in sales has caused a general shakeout of production. While a number of companies have switched their attention away from the sector to other products, some businesses have gone into liquidation.

Though VW remains the major importer of vehicles for conversion, Toyota and Fiat are also becoming important. Toyota in particular, with its Hi-Ace and Hi-Lux range has increased its share of the market.

Beyond the prospects for motor caravans in the U.K., there is a great deal of potential still to be realised within Europe. But it seems unlikely that European tastes will ever become as grand as those of *America.*

The greater prosperity and proclivity to consume within the U.S. has created a major market for motor homes. The typical *American motor caravan will be* based on a three-to-five ton chassis and will be accordingly much more spacious. Rather than just the basics, facilities are *likely to include air conditioning,* refrigerators and a television.

The usual pattern of production is for specialist manufacturers to buy in the engine and chassis but build their own bodywork. By adopting production line methods—a trend being copied in this country, particularly by CI—costs can be held down.

Without going to the extremes favoured by the Americans, manufacturers in the U.K. *should be able* to produce designs to meet the needs of what must be a growth market over the next decade or so.

Arthur Smith

A force on world markets

WHILE BRITAIN'S car industry has become small-scale even in European terms, its commercial vehicle industry has maintained its place as one of the largest in Europe and is still a major force in world export markets. Within this overall situation the industry has undergone a considerable change in structure over the years.

In 1959 there were some 50 independent CV producers in the U.K., each of some significance in the bus and truck market. By 1975 ten competitors remained, four of which —Ford, Bedford (GMC), British Leyland and Chrysler — accounted for about 98 per cent. of total production. However, in the heaviest vehicle class of 28 tons and above the "other" firms still have over 30 per cent. of sales, while in the 24-ton plus "rigid" market Foden's eight-wheelers have around 37 per cent. of the market, just behind Leyland's 40 per cent. It is in this heavy vehicle sector, the bus market and that for highly specialised "environmental" vehicles — refuse collectors, fire engines, etc. — that the small firm survives.

Many of the companies competing in 1950 concentrated on the light and medium weight sectors. Consequently, when the mass producers such as Bedford began to move up the weight scale, utilising their efficient low unit cost manufacturing techniques to the full, the smaller producers could not justify the price premiums they needed to stay viable through a commensurate difference in quality. The result was sufficient financial embarrassment for companies either to leave the industry completely or be absorbed by other, mainly heavy vehicle, producers.

In the post-war period three specialist firms emerged as being larger than average: Leyland Motors, Associated Commercial Vehicles and Jaguar (Daimler-Guy). In addition, Chrysler's long-established subsidiary at Kew had facilities to make over 5,000 chassis a year. The first three groups absorbed other makers and then merged among themselves, all eventually coming under the umbrella of BLMC.

Effect

At the same time as BLMC's creation Ford was completing its reorganisation of its CV activities. This was done to such good effect that by 1970 the company had improved its position in the market for medium-weight vehicles from a poor third to contest first place with the traditional market leader, Bedford. Ford's advance, based upon new ranges of trucks, vans and buses backed up by an improved sales and service network, was balanced by the decline of the old BMC.

BMC's replacement of its FK range by the unreliable FJ, plus the opening of the new Scottish Bathgate plant filled by old machinery from the Midlands, produced a collapse in the company's penetration of the medium truck market in the period 1965-67. Bathgate's problem was not one of location but of the failure of its output to gain customer acceptance. Following the creation of BLMC, Leyland Motors improved quality control and productive equipment at the plant to such an extent that it became one of BLMC's most profitable centres by 1975.

Chrysler (Commer, Karrier, Dodge) and Bedford maintained their market shares over the period 1965-1975 at around 12 per cent. and 29 per cent. respectively. Ford doubled its share over the period 1960-1975, to produce a see-saw struggle for market leadership in the 3.5 to 16 tons gross weight medium sector with General Motors' Bedford subsidiary.

Although the creation of BLMC partly restored fortunes in the medium weight market, the traditional market leadership of BMC in the medium van sector, which was destroyed by Ford's Transit introduced in 1965, could not be approached. Indeed with improved types from Bedford in the 1970s BLMC slipped further to contest, often unsuccessfully, a poor third place with Chrysler's Commer subsidiary; which held 16 per cent. of the market compared with Ford's 30 per cent.

In the market for larger 2.5 to 3.5 tonnes gross vans Ford is even more dominant having 66 per cent. of sales, compared with 25 per cent. and 6 per cent. by Bedford and Leyland respectively. Only in the car-derivative CV market did the BMC-type products hold their own. In all other sectors the company suffered a reverse far worse than it experienced on the car side between 1967-75.

Eroded

Such was the concentration of managerial and financial resources at BLMC on the reconstruction of the car side's fortunes, that the truck and bus division, which, apart from Bathgate was the Leyland Motors and Jaguar CV operations, was neglected and BLMC's strong initial position in heavy CVs was eroded. Much needed investment in plant expansion and modernisation, and in new products, was sacrificed to expenditures on the less profitable car side.

This, allied to conservative investment policies by the specialists, meant that the excess demand for heavy CVs, significant since 1964, became acute between 1970 and 1974. This state of affairs increased imports so that by 1974 Sweden's Volvo had 19 per cent. of the 28-tonne gross and above market, to BLMC's 23 per cent., ERF's 13 per cent., Foden's 6 per cent. and Seddon-Atkinson's 12 per cent. In 1974 the total import share of the heavy CV market was 34 per cent., and for vehicles capable for use at over 32 tonne, 46 per cent.

The U.K. makers have retaliated, for whereas in 1972 the "others" in the U.K. heavy CV industry had a combined capacity of 7,000 chassis a year, by 1976 this is likely to be around 18,000. In addition, first-class products such as Leyland's Marathon truck are coming onto the market at a rate of 2,000 units a year. Despite the phasing out of Guy production at Wolverhampton, some 2,000 units a year, there has been considerable expansion in U.K. heavy CV making facilities. This increased availability, allied to a downturn in the market, produced a significant drop in import penetration in 1975.

BLMC's monopoly of heavy bus chassis making, plus a long-term growth in the demand for double deckers, aggravated by a short-term boom, created by the Bus Grant scheme has given an opportunity for new entrants, Volvo's Scottish-based Ailsa subsidiary and the British Metro-Cammell company from Birmingham have already made significant inroads, while Foden and, perhaps, Dennis, hope to follow them. Therefore, even in 1975 it is possible to enter the motor industry to serve a central market, as long as productive activities are confined largely to the assembly side.

Vehicle manufacture consists of four main functions: foundry work to produce castings; forging and machining; steel press work; final assembly. Of these, activities assembly has the lowest optimum output level measured on an annual basis. The large capital investment required to establish special-purpose, high-speed equipment means that operations such as cab-making and major component manufacture is only efficiently undertaken, and therefore profitable, in a competitive industry, when very large volumes can be made and sold.

Many quite large Continental heavy vehicle makers have been over-capitalised with regard to the scale of operation undertaken. On the other hand, the U.K. industry has evolved a highly efficient structure which involves even the larger firms in buying out a high proportion of requirements, and a specialised heavy vehicle sector which concentrates mainly on pure assembly, any manufacturing being done by techniques appropriate to low annual output volumes. As a result, even large-scale manufacturers use bought-out items such as gearboxes from even larger-scale component makers, while the small-scale specialists have been able to enjoy external economies of scale.

The small companies, by keeping their assembly operations at a high degree of efficiency (for instance, ERF recently reduced the time for engine installation from four hours to 10 minutes), have survived and prospered by being able to purchase diesel engines, axles, gearboxes, cabs as well as the usual bought-out items such as electrical equipment, from large-scale suppliers who themselves incur the cost and risk of high capital investment in equipment. A small assembler if engaging in cab making will utilise glass-fibre where tooling costs are one-fiftieth of those needed for a pressed steel cab.

However, as material and other direct costs are greater than at output levels between 25,000 and 30,000 vehicles a year, steel is more economic; but for lower volumes glass-fibre is the more efficient technique, a lesson fully absorbed by British producers. As most small U.K. CV makers tend towards pure assembly with little in-house manufacture and as long as sufficient external economies are obtained for cost plus pricing to be viable, the break-even output levels are normally a very small proportion of total capacity, fixed costs being so low.

It would be very wrong to suppose that because the motor industry and large-scale output appear to be synonymous, that the small-scale CV specialists are at risk in competing with larger firms in the small market for heavy vehicles. In fact, the large-scale Continental makers often produce engines and cabs at lower output levels, but at higher cost, then British specialists such as Perkins or Motor Panels.

Therefore, by concentrating on the small-scale assembly of premium products utilising bought-out components made in large numbers, the likes of ERF and Seddon-Atkinson have found themselves in a prosperous position. Foden is the most "manufacturing-orientated" of the specialists, but by using simple equipment has managed to keep prices within 5 per cent. or so of the assemblers, a premium the customer has willingly paid to obtain a fully bespoke product.

However, the company's expansion is based mainly on pure assembly activities; the weekly capacity in 1975-76 being 120 for assembly and 12 chassis a week on the manufacturing side. Despite the greater commitment to manufacturing Foden has tended to generate the highest level of profits in absolute terms, although bcause pure assembly needs less capital ERF has earned 25 per cent. on capital to Foden's 15 per cent. over the period 1970-74.

In the period 1970-74 BLMC's Truck and Bus Division produced some 40 times as many vehicles as, say, ERF but the prosperity of the small heavy vehicle specialists is shown by their higher relative profitability. In terms of profits the small-scale specialists have been able to co-exist with larger companies. Indeed, the sale of Seddon-Atkinson to International Harvester was perhaps another case of the U.K. selling its seed corn, as no pressing economic reason for the transaction was apparent.

In conclusion a number of points emerge. The U.K. is the non-American CV manufacturing sector for the medium weight trucks made by the U.S. multinationals. The facilities owned by these firms, and by BLMC, use high-volume low unit-cost techniques which gives the industry a significant competitive edge over the less efficiently organised Continental makers. A manifestation of this was the exclusion of CVs from the Kennedy Round of tariff reductions and the creation of the "Club of Four" to make a common vehicle.

On the other hand the very success of the U.K. facilities of the multi-nationals has rebounded in that Ford, instead of expanding its capacity in the U.K. to make its new heavy truck range, is turning to underutilised Dutch facilities, while there is a worry that Bedford, to make room for the production of its heavyweight trucks, will transfer medium weight production to the Continent. Already Chrysler completes its CV range in the U.K. by importing French vans and Spanish heavy trucks.

Size

Nevertheless in the heavy sector BLMC is of sufficient size and efficiency, despite past underinvestment, to compete on equal terms with other major heavy truck makers. What is required is extra bus-making capacity and capacity for the manufacture of spare parts.

The small scale U.K. CV makers should, with good management, continue to prosper being but the assembly "tip" of a strongly based commercial vehicle component-making infrastructure.

This shows that a small efficiently run fim can survive in competition with larger firms by meeting the specific needs of a small specialised market: a market in 1975 of perhaps 20,000 heavy trucks and buses. As U.K. manufacturing facilities are capable of meeting most of this, many importers in the middle of costly investment incurred in trying to break into the U.K. may find their position seriously at risk and be provoked into starting a price war.

Garel Rhys
Lecturer in Economics, University College, Cardiff

BLMC WEEKLY OUTPUT (1975)

Leyland (Lancashire)	150 truck and bus chassis	Guy	45 truck chassis
		Scammell	40 truck chassis
Albion (Glasgow)	100 truck chassis	AEC	115 truck and bus chassis
Bathgate	470 trucks	Bristol	16 bus chassis
Bathgate	370 agricultural tractors	Leyland National	22 bus chassis

SPECIALIST CAPACITY (ANNUAL 1975/6)

ERF	5,000	Bristol	1,300*(1)
Seddon-Atkinson	5,000	Leyland National	2,000*(1)
Foden	7,500	Ailsa (Volvo)	300
Dennis	1,000	Metro-Scania	500

MASS PRODUCERS ANNUAL CAPACITY (Approximate)

	Car Derivative CVs*(2)	Medium Vans	Trucks: Light	Trucks: Medium	Heavy (24 tons +)
Ford	40,000	45,000	70,000		1,000
Chrysler	—	15,000	5,000	5,000	—
Bedford	25,000	40,000	30,000	40,000	4,000
BLMC	50,000	30,000	55,000		20,000
BLMC (Land Rover)	55,000				

*(1) Associate companies of BLMC.
*(2) "Capacity" depends on car/car derivative output mix.

PRE-TAX PROFITS ('000)

	Seddon	Atkinson	ERF	Foden	BLMC (Truck & Bus) estimated
1970	817	404	735	1,086	8,000
1971	840	783	915	1,295	8,000
1972	367		483	752	6,000
1973	781		921	1,144	9,000
1974	—		930	301	6,000

A wrong turning in the jobless debate

BY SAMUEL BRITTAN

ARMCHAIR strategists are fond of saying that one should not fight on two fronts. Yet sometimes this is quite unavoidable. An outstanding example is the interpretation of the unemployment figures, where there are two opposite kinds of misunderstanding which stand in the way of enlightened policy.

On the one hand we have the Heath-Healey TUC view, wrongly called moderate, or *middle-of-the-road*, which takes the headline unemployment figure of nearly 1.2m. at face value as *indicating a pool of* people hopelessly unable to find jobs. This figure was put at 13m. *for the ten major* industrial countries by the Chancellor in his Mansion House speech last month. The only way out, according to this school of thought, is to give the unions an even greater say in our affairs in the hope of obtaining wage restraint, after which it will be possible and safe to bring down unemployment to, say, 500,000 by the traditional expedient of pumping more money into the economy ("reflation.")

Equal danger

But an almost equal danger is provided by those who attempt to analyse the unemployment figures down to *nothing*, who try to draw hard and fast lines between voluntary and involuntary unemployment, and who do not realise that the size of the minimum sustainable level of unemployment cannot, of its nature, be discovered directly by examining the composition of the unemployed.

These reflections have been caused by reading a booklet, which is in many ways excellent, but which falls into the trap just mentioned. This is John Wood's *How Little Unemployment?* published to-day by the Institute of Economic Affairs. Mr. Wood proposes a "strategic indicator" of men aged 25-55, out of work for more than six months, minus "unemployables." The calculation gives a range of between 40,000 and 120,000 within the last five years, or rarely more than 1 per cent. of the active male population. Mr. Wood *proposes* to use this figure as a "strategic indicator" to guide demand management.

"*I have, from the start*, been unhappy even with the more moderate "corrected" unem*ployment* figures published by Sir Keith Joseph's Centre for Policy Studies; but because my *objections* are *somewhat* technical and the results are broadly plausible (even if quirky from month to month) I have not laboured my misgivings. But when the corrections are pressed to the extreme of the IEA paper, it is time to dissociate myself, especially as I am listed as one of those who offered comments.

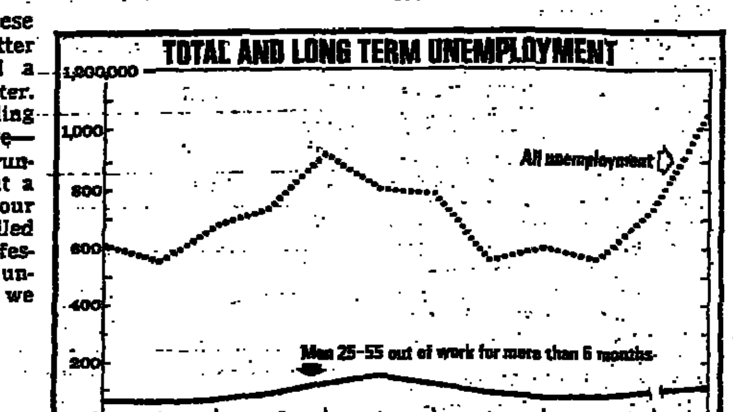
Mr. Wood's earlier paper, *How Much Unemployment?* published in 1972, was an important pioneer analysis of the deficiencies of the headline unemployment total, and it largely inspired most of my own ideas on how to break down the total *into suitable categories. Indeed*, his own new paper contains the best guide I know to the new labour market data produced by the Department of Employment.

A slump in modern conditions is not for most of the unemployed a state of affairs in which it is "impossible to get a job." It is a state in which people looking for new jobs have to accept worse pay, or wait longer, or move further, or accept inferior conditions, or undergo a greater degree of retraining than in normal times; and no unemployment figure can do more than summarise such changes in conditions *in a given social security framework*. I recently spent some time in the Glasgow South Employment Exchange talking to people staring gloomily at the unskilled vacancy notice board. When I asked what was wrong with the jobs on offer, the reply *was invariably* "The *money*. It's no better than we are getting now out of work."

When trade recovers, these workers will have a better choice of jobs and spend a *shorter period on the register*. But what is the corresponding unemployment percentage—*which represents* neither a runaway boom nor a slump, but a sustainable state of the labour *market? This has been called* the "natural rate" by Professor Milton Friedman, an unfortunate name with which we are probably stuck.

Analysis

The key to this sustainable or "natural" rate is *that it cannot* be discovered by a statistical analysis of the components of unemployment. Indeed, Mr. Wood comes near to the point in a footnote on page 11, where he says "Some economists might argue that the continuing increase in earnings and wage rates unmatched by similar increase in output" provides evidence of excess demand. The trouble with this view is not that "it is generally regarded as old-fashioned," but that it leaves out of account inflationary expectations. If prices have been rising at 20 per cent. per annum and are expected to continue unchanged, an increase in money wages of that amount would be required to keep real wages constant. In a sustained inflation, double digit wage increases can be perfectly consistent with balance in the labour market. To get wage increases down to the productivity trend, say 3 per cent., would require a slump, that is a period of deficient demand; and excess in demand *will* show itself (allowing for time lags, etc.) not just in inflation, but in accelerating inflation. The "natural" rate of *unemployment* is not, as *Mr.* Wood says, that consistent with stable prices, but that con*sistent with any stable rate of* inflation (of which zero is but an example) which neither accelerates nor decelerates.



If one derives the "natural" rate from the behaviour of wages and prices (with whatever time lags and complications), one cannot derive it from a statistical breakdown of the unemployment figures. Otherwise it will be "overdetermined." Failure to take this simple logical point on board weakens the contribution of many monetarists and social market economists to current debate. Neither Mr. Wood's adjusted unemployment measure, nor any other, can, as he claims, "distinguish between unemployment which might be prevented by monetary means and that which is bound to persist without institutional change." Only an examination of acceleration and deceleration in wage and price changes can tell us that.

There is, however, a more *fundamental* question about all corrected unemployment figures. Are they supposed to be economic indicators of the degree of slack, or indicators of social hardship? An indicator such as Mr. Wood's, which varies from 0 to just over 1 per cent., *can hardly measure the* degree of slack in the economy. Bank of England calculations, based on deviations *from* the long-term trend of industrial production, suggest that production was 4 per cent. above trend in the autumn of 1973 compared with 10 per cent. below trend this summer, a total swing of 14 per cent. Even if there has been, as I suspect, a vertical downward shift in the trend because of the oil crisis and Government policies, the cyclical swing is still much larger than that suggested by an adjusted unemployment series which shifts within a fraction of a per cent.

A demand management policy geared to the very long-term *unemployed would also* lead to bad mistiming. For reasons of simple arithmetic, the *long-term unemployed reach a maximum* even later in the business cycle than the adult total. As *the chart shows, long-term* male unemployment reached a peak in the summer of 1972, about six *months* later than the simple total. If Mr. Wood's "strategic indicator" has been used as a guide to demand management, policy would have been even more badly mistimed, with an even greater "too much too late" element, than it actually was.

Objectives

A breakdown of the unemployment categories is helpful mainly in a secondary propagandist way in explaining that if the natural rate is, say, a million, it does not involve all the social hardship and economic waste, which it appears to do on a simple-minded interpretation. It should, moreover, be possible *to show that the* greater part of the difficulty in, for instance, placing school-leavers or redun*dant workers*, results not from the absolute level of unemployment but from increases in it; and it might therefore be better to reconcile ourselves to less ambitious employment objectives and avoid the stop-go oscillations we have suffered as a result of temporary boosts by impatient Ministers.

But even to achieve this educational or propagandist role, the adjusted unemployment figure should be convincing. Confining the "strategic" indicator to men aged 25-55 is going far too far in making exclusions at both ends of the age range. But what really bothers me is those who have been on the register for six months or less are excluded. This ignores the fact that many of these people will continue on the register for a good deal longer by the time they obtain a job. Even if one believes that those out of a job for less than six months are short-term job changers, the number will be approximately represented by those now on the register for less than two or three months. *(See Department of Employment Gazette, March 1975.)*

In fact it is no longer necessary for outside bodies to calculate "adjusted" unem*ployment totals at all*, since the Department of Employment has been doing this already since *this summer*. The *monthly* Press notice now contains a figure of unemployed for over four weeks (statistically equivalent to the number who will remain out of work for up to 12 weeks) aged 60 and under. These amounted to 754,000 in October. There is an argument for taking off another 100,000 to allow without double counting for the absolute numbers regarded as "poor prospects and unenthusiastic" in the official 1973 survey; and it would be desirable to have the *figure seasonally adjusted*. But the DE has gone a long way to meet the critics of its statistics, even though neither Mr. Michael Foot nor the radical right chooses to pay any attention to the new series it has produced.

Mr. Wood's analysis of the misguided policies pushing up the natural rate of unemployment is very much to the point. If I do not emphasise them more in this article, it is because they are common ground and have been discussed on this page before. Indeed, it is because these distortions of the labour market are so paramount that I doubt if the unemployment problem is as modest as the Wood indicator suggests.

Unfortunate

There is, however, one policy suggestion which is rather unfortunate. This is that, "to be paid more than minimum benefits after six months," an unemployed person should either "have to prove his determination to work or accept attendance at a *retraining* centre." Very little public money could be saved this way, as earnings-*related benefit comes to an end* after six months; and the longer a person is out of work the greater is the pressure by officials granting benefit to take a job involving a drop in pay or status.

I am quite sure that Mr. Wood does not mean it this way; but this kind of hint plays into the hands of those who wish to reduce Government intervention because of resentment at the rather modest payments to the inadequate and the maladjusted rather than from a *libertarian belief in enlarging* freedom of choice. A really drastic clampdown on benefits to stop people "scrounging" or "opting out" may well be politically acceptable (though is it *not* what Mr. Wood is advocating). If combined with a policy of forcing able-bodied people with private means to work as well, it might satisfy the nation's current notions of fairness and sweep the country. But it is not a country in which I would wish to live.

Letters to the Editor

Press freedom and the NUJ

From the National Organiser, National Union of Journalists.

Sir,—Mr. R. J. Farmer's latest contribution to the marathon debate over Press freedom (October 29) renders a grave disservice to your readers and—not for the first time from Mr. Farmer's organisation—to journalists at large.

The idea of Big Brother NUJ censoring industrial correspondents by remote control from its Acorn House headquarters is patently absurd.

Any close observer of the NUJ in recent years would have detected not the take-over of the union by a tiny faction of Left wing militants but the emergence of a loud—and sometimes strident — dialogue between active groups of the membership (both Right as well as Left, for want of better terms) every time the union takes a major decision. The registration and Editors debates are the two most obvious examples.

One thing the NUJ clearly cannot do, nor would it ever *wish to do, is to impose blanket* uniformity on its members—journalists being what they are, they wouldn't stand for it anyway.

And as a former industrial correspondent for more than six years—I even helped cover Labour matters for your own paper—may I also remove any fears on that front. I reported NUJ stories without any pressure from Acorn House whatsoever—an absence of pressure which isn't always the case in Fleet Street when it comes to writing industrial stories of immediate concern to newspaper proprietors.

Readers can draw their own *conclusion from the way some* national papers when dealing with their own internal disputes are content to run bald statements from both sides—a practice not extended to other industries. And even on the FT—which has an infinitely better record than most papers—stories concerning Fleet Street's labour troubles received far closer personal scrutiny from the Editor, at least in my experience there, than stories concerning indus*trial troubles elsewhere*.

However, industrial correspondents no less than any other *journalists are well aware of an* important section of the NUJ's (binding) Code of Conduct—which Mr. Farmer seems to have overlooked in his perusal of our Rule Book—which calls on members to "strive to eliminate distortion, news suppression and censorship."

Noel Howell.
Acorn House,
314-320, Gray's Inn Road, W.C.1.

Opium of the people

From Mr. J. G. Medcalf.

Sir,—I refer to the article by *Chris* Dunkley headed "Opium of the people" (October 29).

For people like Chris Dunkley, television is of course a serious business, because writing criticisms is their bread and butter; but for the majority of people, television is *entertainment*, nothing more. Most of us have to do a hard day's work, confronting many problems and perplexities; when we have leisure and an opportunity to look in, we certainly don't want "difficult" plays, *esoteric documentaries*, worthy current affairs series, progressive/permissive stuff, etc., etc.—from which *defend us!*

Too much time is devoted on TV to what I believe is called *Politico-Social stuff*—most of us are heartily sick of it, it is plugged to distraction, and usually contains subtle propaganda of one sort or another.

Let us have our entertainment, whether it be Crossroads, Coronation Street, Generation Game, Upstairs Downstairs, or what have you—at least it is some relief *from the awful*, constant plugging of those programmes which are nearly driving us up the wall.

J. G. Medcalf,
Thomas May and Co.,
Chartered Accountants.,
The Lawns, 33, Thorpe Road,
Peterborough.

Textile imports

From the Chairman, Kay and Roe Ltd.

Sir,—Samuel Brittan is to be congratulated on his excellent article (October 30) regarding import controls.

As a former textile manufacturer and exporter, through sheer necessity, having had to deal with textile imports on a *large scale, I would question his* viewpoint that in textiles at any rate import deposits at moderate levels would be the least harmful compromise of the nine points suggested by the TUC. We have had these before and as a result one of the largest textile producers in the U.K. instructed their satellites that import deposits must not be paid. If necessary they must do without the imports. This decision was speedily reversed when their *garment-manufacturing* units complained they were grinding to a halt through lack of supplies, substitutes for which were not forthcoming from the British makers.

Very quickly, British importers having been given a piece of paper by the then Board of Trade stating that the importers would be repaid the import deposit within six months, realised that the piece of paper was a good enough collateral on which to borrow from any convenient source thus nullifying almost completely the effect of the deposit scheme. I agree absolutely with Mr. Brittan that import controls mean higher prices and it is only human nature for the large producers of textiles in the U.K. which are extremely efficient, to cash in on a temporary shortage for their prices to be raised quite considerably.

I do not know how many European and other organisations it would offend, but I put forward for consideration for textiles a scheme similar to that which we had during the war and immedi*ately afterwards*.

Every producer of textiles had to produce a certain minimum *of utility goods at a fixed price* of fixed specifications. For every four yards of utility goods produced they were allowed to sell, I think, one yard of any specification and at any price they liked. This was called non-utility and on this the producers made an extra profit to offset the almost lack of profit on the *utility portion*. Goods produced for export were free of any constraint. There is not enough British production to clothe the people. We cannot do without textile imports. The British industry by skill and higher wages is more capable of producing better qualities ("non-utility") while the Far Eastern countries cannot be beaten for mass-pro*duction qualities ("utility")*.

Give the British importer a certificate to import say £6 worth *of goods for every £4 worth* he buys from British producers. This will make him selective in his imports, make the overseas producer compulsorily competitive, and produce business for the U.K. producer. Exports from British makers to count double. Prices on imports will be kept down, Britain will be assisted to develop the high quality industry which she could have done after the war, instead of trying to beat the low-wage countries at their own game. British prices are low compared with European standards, and provided we can produce enough we could have a large export market.

Of course, there are many *facets of the textile industry*, but the principle mentioned above could without too much difficulty be adapted to all of them.

C. M. Midgley.
Church Bank House,
Church Bank, Bradford.

Just who tries hardest?

From The Managing Director, Godfrey Davis (Car Hire) Ltd.

Sir,—Having studied the article on car hire (October 21) I feel compelled to put the *record straight as to who is No.* 1, or No. 2 for that matter, in car hire in the United Kingdom.

While we certainly have no objection to Avis Rent A Car quoting their own organisation, we certainly do *not* think that they are in any position to make comments to the Press concerning the size of the rental fleets *operated by this company*.

To assist you in understanding our concern therefore we would like to point out that Godfrey Davis have been in the self drive car rental business in the U.K. since 1922; our combined car, van and truck daily rental and leasing fleets exceeded 14,000 vehicles in the summer of 1975, our passenger car daily rental fleet approaching 8,000 vehicles.

We therefore have the right to claim, and this has been very much part of some recent advertising claims, that we are undisputably No. 1 in Britain. You *may have read our slogan* "Being British And Biggest Does Make A Difference."

With 220 locations throughout the United Kingdom and Northern Ireland, being the official Fly/Drive contractor for British Airways in the United Kingdom and with our arrangement with British Rail whereby we have Rail Drive points at over 70 Main Line stations, we feel justified in writing to you and *respectfully requesting that you* put the record straight as to who is No. 1 in Britain.

T. J. Gibson,
Crown House,
North Circular Road, N.W.10.

Taxing works of art

From Mrs. Elizabeth Young

Sir,—Reading the Green Paper on the wealth tax, I knew there was *some deep folly embedded* in it. Here was a public document, in many ways sensible, and serious about social justice, but which gave off a smell of ignorance whenever anything about works of art or architec*ture came up*.

Perhaps Dr. M. J. Ellman, of the Department of Applied Economics at Cambridge, whose letter you published on October 25, provides the explanation: works of art are *non-productive*, *he writes. The values of art and* architecture slip through: Applied economics cannot grasp them, and they don't count as genuine *assets* which are recognisable because they "produce useful goods and services and provide employment," and because they serve "efficiency and equity."

As far as art and architecture go, the Green Paper itself was very odd. From paragraph 38, *which reads "it would be diffi*cult to single out a house which happened to be historic for treatment different from others." It is clear that the writers were quite unaware of the long-established statutory duty of the Secretary for the Environment to do just that; and also of the complex system of government *grants which exist to protect* "historic" houses. They are to be so protected because they are part of the heritage of all of us, and are not to be considered merely as chunks of private property.

Dr. Ellman believes that only a "small number of very wealthy owners and dealers" are exerting "immense pressure . . .," as he puts it, "to exempt from wealth tax [this] class of non-productive assets." He is wrong on all counts: Works of art and architecture are highly "productive assets." They could only be dispersed or destroyed with appalling loss to society. How, without damage, access to *them may be broadened* is a problem to which the indiscriminate application of the Wealth Tax could only add. Moreover, this is a mater to which government supporters have given considerable thought: and one group has submitted evidence *to the* Select Committee on the Wealth Tax, which will be published in Appendix 74 of its report.

Elizabeth Young.
100, Bayswater Road, W.2.

Measuring inflation

From Y. Kovach.

Sir,—*If only one could pass it off as another well meaning but silly manoeuvre.* I have in mind the Minister of Prices' exhortation to the retailers, consumer goods manufacturers and nationalised industries that price rises be kept below the norm for certain items which just happen to feature prominently in the retail price index; the remaining items which presumably do not feature prominently will be subject to above the norm price increases. One of the aims is to help the lower paid at the *expense of the higher paid; let* it be done explicitly financed out of general taxation rather than behind the smokescreen of the Prices Code.

The more important aim is that old favourite lowering the inflation rate at a stroke which reminds one of the ice-pack story. The room is too hot. The thermometer confirms this. A fridge is brought in, some ice cubes produced and an ice-pack put against the bulb. The room is marginally hotter thanks to the workings of the fridge and the laws *of thermodynamics* but the thermometer, God bless its soul, registers a significant drop.

The moral of the story is that Her Majesty's Government can no longer be trusted to produce economic statistics which faithfully reflect what is actually happening. This is sad.

Y. Kovach,
42, Morley Road,
Twickenham, Middx.

To-day's Events

GENERAL

Queen inaugurates oil production *from BP's Forties Field*, Dyce, Aberdeenshire.

Chrysler shop stewards hold meetings at Coventry and Linwood to discuss company's crisis.

British trade mission headed by *Lord Beswick, Minister of State* for Industry, on nine-day visit to Iran.

FMC annual meeting votes on proposal that four directors be replaced by NFU Development Trust nominees, London.

President Sadat of Egypt continues official visit to U.S.

Blastfurnacemen's pay inquiry team visits steelworks at Scunthorpe.

Boilermakers Amalgamation members employed at yard of Govan Shipbuilders meet in effort to settle their strike.

British pharmaceutical trade mission on visit to China.

Dr. Shirley Summerskill, Parliamentary Under-Secretary of State, Home Affairs, opens International Women's Year Exhibition, Woolwich.

Mr. R. H. Hutton, director of financial institutions, Commission of European Communities, Brussels, addresses Insurance Institute of London on "Prospects for a Common Market in Insurance," 20, Aldermanbury, E.C.2, *5.30 p.m.*

London Transport fares increased 26 per cent. Minimum Underground fare now 10p.

International Coffee Council *meets, London*.

Price now to be shown on all fresh fruit and vegetables.

Office of Fair Trading starts mailing teaching pack, Thinking about Shopping, to more than 20,000 U.K. schools.

PARLIAMENTARY BUSINESS

House of Commons: Debate on European secondary legislation, followed by debate on Report of Renton Committee on preparation of legislation.

House of Lords: Airports *Authority Bill, committee*. Trade Union and Labour Relations (Amendment) Bill, consideration of Commons amendment to Lords amendments. *Cinematograph Films Bill*, second reading. Employment Protection Bill, consideration of Commons message.

COMPANY RESULT

Burgess Products Company (Holdings), full year.

COMPANY MEETINGS

See Week's Financial Diary on page 30.

EXHIBITIONS

Stamps of China Exhibition opens, Gibbons Gallery, 399, Strand, W.C.2.

Domestic and Contract Textiles Exhibition continues, Harrogate Exhibition Centre.

Exhibition of Environmental Design at St. Katharine-by-Tower continues, Design Centre, Haymarket, S.W.1.

COMPANY NEWS

A B Electronic well placed for upturn

IN THE YEAR to July 4, 1975, AB Electronic Components continued its programme of capital expenditure having spent £0.8m., against £1.1m. in the previous year.

This sum was invested to maintain the company's position in its product areas and the directors believe that, in consequence, it is well placed to take advantage of any upturn in the economy, says the chairman, Lord Brecon.

He points out, however, that in present circumstances a meaningful forecast is not possible. Although de-stocking by customers has generally come to an end and new products and increased export efforts should bring in more business, inflation remains the major problem.

Margins, he says, will be under pressure until the economy improves.

As reported on September 23, group pre-tax profit for the past year contracted from £908,063 to £379,205, and the dividend is 4.10494p net per share (same). Not only was the company hit by world recession and inflation but, once again, Government action curbed the sales of customers' products in the U.K. electronic consumer goods sector.

For several years a policy of product diversification has been followed to reduce reliance on consumer electronics. However, the home entertainments industry is the major mass market for components and accounts for roughly 30 per cent. of sales.

Lord Brecon stresses that it would not be in the company's best interests to reduce its penetration of the home entertainments market. But future product development has to be directed to those areas where greater market stability can be expected.

The recently announced expansion of the hybrid microcircuit facilities and the programme of enlarging the range of precision and semi-precision wirewound variable resistors and switches all form part of the policy to provide new outlets.

The chairman reports that stocks were reduced and net bank borrowings were halved to just over £250,000 at the year-end. The liquidity position has therefore improved, in spite of cost escalation.

Group sales outside the U.K. amounted to £4.23m. (£4.84m.) of which 80.4 per cent. went to EEC countries.

INDEX TO COMPANY HIGHLIGHTS

for the second half "is encouraging." With margins now restored the results should show "a significant" improvement over the first half.

The cash position remains strong, and some diversification of activities is now a high priority.

Statement page 29

Bainbridge looks to second half

Profits of Bainbridge Bros. (Engineers) slipped from £56,271 to £43,877 in the half year to August 31, 1975 before tax of £26,000 against £32,000.

The interim dividend is held at 0.525p net. Last year's total was 1.4p paid from profits of £107,434 before tax.

The directors say that despite difficult conditions in the construction industry, turnover was maintained, but at margins—particularly in the first quarter—less satisfactory than normal. Price increases came into effect during the second quarter, however, and current margins are more consistent with those achieved in the past.

Demand for most products remains high, and the outlook

Utd. Real Property values

AGGREGATE market value of the properties of United Real Property Trust at April 5, 1975, was considered by the directors to be not less than that indicated four years earlier, when a surplus of £16.14m. was shown over book after minority interests.

The surplus was arrived at before tax, if any, on expenses of sale which would arise in the event of those assets being realised.

Group fixed assets at the year-end amounted to £18.27m., compared with £18.52m. at April 5, 1974, and net assets were £12.62m. against £12.84m.

Associated property investment companies are shown at £0.92m. (£0.91m.) after loss, etc., provisions. Book value of shareholdings in such associates, based on the directors' valuations in 1966, is £1.01m. They are of the opinion that the value of net tangible assets attributable to the company has fallen below this figure, but consider the market value of the fixed assets included is in excess of the balance-sheet figure.

As the company's holdings in the associates are held as long-term investments, which the directors do not consider to have suffered a permanent diminution in value, no reduction has been made in the book value.

As known, net revenue, before tax, decreased from £1.42m. to £1.3m. in the past year and the dividend is 14.2 (14.1) per cent.

See Lex

Lake View Investment

Total income of Lake View Investment Trust dropped from £1.09m. to £0.91m. during the half-year to September 30, 1975—for the previous full year the figure was £1.94m.

The interim dividend is 0.55p net. In April the directors announced that it had been decided to revert to the former schedule of paying an interim and final. Dividend reserve established in 1971 representing the amount of final which would otherwise have been paid for that year, has been transferred to revenue reserve to which last year's first interim of 0.84p net has been charged. Effectively dividends for 1974-75 amount to 1.5p, with a final of 0.95p.

First half expenses and interest amount to £0.26m. (£0.34m.), tax £0.23m. (£0.3m.), and Preference dividend £9,300 (same) leaving £0.41m. (£0.44m.) available for the Ordinary.

Investments were valued at £38.2m. on September 30, 1975 (£33.46m. on March 31, 1975). Assuming conversion of convertible loan stock, net asset value per 25p share is 84½p, compared with 75p. An amount of 11½p investment currency premium is included, compared with 13½p.

Tough year for W. A. Tyzack

MANUFACTURERS of precision engineering components, W. A. Tyzack and Co., has entered another winter of inflation with shorter order books, and severe cutbacks in many of the industries it supplies, says the chairman, Mr. D. S. Tyzack.

He therefore cannot, at this stage, make a reliable forecast for the year except to say that "it is likely to be much tougher."

But the liquid position remains good and the investment programme in new plant is being maintained on a similar scale to last year.

As reported on October 16 pre-tax profit increased from £397,176 to £547,951 in the year to July 31, 1975, and the dividend is stepped up from 1.583p to 1.728p net per share. Turnover expanded from £2.97m. to £4.09m.

Apart from the effect on turnover of price increases caused by inflation this represents a substantial increase in actual output and the ratio of profit, before tax, has been maintained, says Mr. Tyzack.

Meeting, Sheffield, November 24, noon.

Scottish European Investment

Although gross income of Scottish European Investment Company decreased from £754,000 to £613,000 in the half year to September 30, 1975, this is offset by lower interest costs, and on the basis of present estimates of net income the directors expect last year's dividend—1.1p net—will be at least maintained this year.

Gross income for all the year to March 31, 1975, was £1,377,055.

Net assets attributable to Ordinary holders at September 30, 1975, were £6,948,000, compared with £6,647,000 a year earlier, and net assets attributable to each 25p share 46.3p (44.5p), including full investment currency premium of 3.5p (nil).

The greater part of borrowings was recently extended beyond the expiry date of the present loan agreement in 1977, by repaying a part of the present loans and replacing them under a separate agreement extending until 1980.

S. C. Banks expansion

Mr. Joseph Godber, chairman of Sidney C. Banks, grain merchants and seed specialists, says that prospects indicate a year where the opportunity to maintain the current level of profitability may not exist, but a year in which it will be intended to continue the policy of expansion and consolidation.

As reported October 15 group pre-tax profits rose from £398,456 to £487,778 in the year ended May 31, 1975; and the dividend is up from 2.6p to 3p net.

The group is actively expanding its involvement in agricultural chemicals and 1974-75 saw a large increase in sales.

Since the year end the company has acquired the capital of Joseph Odam, an animal feed business. While maintaining the existing business it is also intended to supplement this with a new arable division covering the full range of present trading activities.

The chairman believes that this will prove a "most useful" acquisition and a "very sound base" for the further expansion of the group's trading area.

Meeting, Cambridge, November 20 at noon.

Atlas Trust first half advance

PRE-TAX revenue of Atlas Electric and General Trust advanced from £1.32m. to £1.36m. for the half year to September 30, 1975, after higher management expenses of £72,075, against £56,848, and interest charges up from £310,599 to £353,924.

An 0.4p net interim dividend, up from 0.35p, has already been announced. The 1974-75 total was 1.15p from net revenue of £1.58m.

First half tax absorbs £617,043 (£464,512), leaving £944,048 against £852,734 net.

After deducting prior charges at par, net asset value per 25p share was 53.5p (44.9), including the full investment currency premium 4.6p (5.8p). If investments were sold at valuation, asset values would be reduced by the 25 per cent. currency premium loss 1.1p (1.3p) and 2.8p (1.2p) estimated tax on capital gains.

A. Findlay cautiously confident

First half 1975 turnover of Andrew R. Findlay Group (investment holding company) increased from £3.12m. to £4.12m., and profit advanced from £192,000 to £206,000, subject to tax of £107,000, against £100,000.

The increase in turnover has continued in the third quarter and, despite the current economic climate, the directors are cautiously confident of trading prospects in the foreseeable future.

As before the interim dividend is 0.5p net per 25p share. Last year's total was 1.45p from profits of £410,609.

Perak River prospects

Subject to any adverse factors, it seems likely that current year results of The Perak River Hydro-Electric Power Company will be much the same as those of the past year, says the chairman, Mr. H. G. Balfour.

As reported on October 25 group pre-tax profit for the year to July 31, 1975 was £2,214,631 (£2,209,277) and the dividend 17.5p (16.49p) net. Gross revenue from the sale of electricity, trading and other receipts increased from £11.62m. to £15.49m.

Referring to the impending acquisition by the Malaysian Government of the electricity supply undertaking on Nov. 6, 1976, the chairman says work is well advanced on the assessment of the value of assets of the undertaking in Malaysia in order to arrive at the price to be paid in accordance with the provisions of the Concession Agreement. He hopes the valuations may be completed within the next few months and is not at present in a position to give any indication of the eventual price to be expected. The fourth meeting will be held in Ipoh this month between the company and the government committee which he and Mr. N. J. Ferguson, a director, will attend. Mr. Ferguson also visited Ipoh last April for similar meetings in this connection with the general manager and the committee.

The Malaysian Government owns 35.1 per cent. of the capital —872,500 Preference and 663,426 Ordinary shares.

Meeting, Management House, Parker Street, W.C., Nov. 27, noon.

Bazaloni's record £360,000

Due mainly to the very sharp upsurge in world tea prices, pre-tax profit of Bazaloni Holdings expanded from £94,985 to a record £360,558 during the year 1974.

But the chairman, Mr. N. C. Lance, says the future cannot be viewed with complacency. It would be unrealistic to imagine that prices "will again rise to a degree which will contain the continuing cost of production spiral"—teas sold to date have met a somewhat "uneasy" market and with crops at two plantations lagging behind those of last year, prospects are meantime uncertain.

Stated earnings are up from 13.5p to 74.4p per £1 share. The dividend for the year is being raised from 8.275p to 8.937p net but cannot be paid because delays are being experienced in obtaining sanction to remit funds from India.

The company has been notified that Walter Duncan and Goodricke holds 13 per cent. of the equity, and Octavius Steel and Co. 33 per cent. Meeting, 37, Mincing Lane, E.C., November 26, at 2.45 p.m.

Corinne McCarthy

Sir Arthur Norman, chairman of De La Rue, which is due to announce its half-year results to-morrow.

No improvement seen by B.I.H.

IN HIS annual statement, the chairman of British Industrial Holdings, Mr. J. Green, says that, in common with the rest of industry, the business is affected by the general economic recession, and no improvement can be expected in the current year—in fact, he tells members, "there are fears for the reverse."

As reported on October 21, sales fell from £32.78m. to £12.48m. in the year to June 30, and pre-tax profits dropped from £994,000 to £574,000. The dividend is 1.4p net (same).

An analysis of turnover and profit by activity shows (£000's omitted): Manufacturing £6,577 (£5,519) and £556 (£497); distribution £4,582 (£25,211) and £185 (£1,177); and property development £1,320 (£2,052) and a loss of £167 (£680). A subsidiary, Grundig (Great Britain) was sold on July 1, resulting in the decrease in turnover and profit for the distribution division.

Mr. Green explains that profits were held down not only by price controls, but also by the further steep rises in raw material costs, supplies, and wages.

A statement of source and application of funds shows an increase in cash in bank balances of £2.26m. (decrease £1.13m.), a decrease in short-term loans of £173,000 (increase £520,000) and an increase in short-term deposits of £1.5m. (nil).

Since the year end Mr. J. Green's interest in the equity has increased to 5,552,403 shares, including Greenbrook Securities' holdings—now 15.5 per cent.

Meeting The Dorchester, W., on November 28 at noon.

Fairfax Jersey £0.24m. loss

Reflecting the continued deterioration of conditions in the textile industry, aggravated by sharply rising production costs, Fairfax Jersey Group incurred a loss of £232,887 in the second half of 1974-75, bringing the deficit for the year ended June 29 up to £240,468, compared with a profit of £218,826 in 1973-74.

Since the year-end a rationalisation programme has been implemented, leading to a "significant" reduction of production capacity and product range. No material profit or loss is expected to result and any that does will be included in the current year accounts.

The stated deficit per 10p share is 3.6p (3.9p earnings) and no dividend is proposed. For 1973-74 a total of 3.325p was paid.

	1974-75 £	1973-74 £
Turnover	3,505,737	3,016,327
Loss	240,468	*218,826
Tax credit	133,495	†103,129
Extraord. debit	63,244	‡123,121
Attrib. loss	170,217	*235,818

* Profit. † Charge. ‡ Credit.

Financing arrangements have been re-negotiated and a loan of £350,000 obtained from the Northern Ireland Finance Corporation. Taking this into account and facilities negotiated with bankers, there is sufficient working capital for present requirements, the directors say.

FT Share Information Service

The following security has been added to the Share Information Services appearing in the Financial Times:—

Brazilian Investments SA (Section: Investment Trusts).

ISSUE NEWS

Midland Bank statistics

Statistics compiled by Midland Bank show that the amount of "new money" raised in the U.K. in October was £147.9m. In the first ten months of this year £1,839.1m. was raised compared with £498.2m. in the same period of 1974.

Once again the majority of last month's new money was accounted for by rights issues, of which there were ten, raising £134.1m.

The bulk of the remainder of the new money was accounted for by 22 local authority bond issues, raising a total of £12.3m. and a tender issue by Lee Valley Water Company.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends considered are interims or finals and the sub-divisions shown below is based mainly on last year's timetable.

TODAY

Interims:—Central Province Ceylon Tea, Farm Feed Holdings, Feedex, W. Henshall and Sons (Addlestone).

Finals:—C. H. Beazer, Brycourt Investments, Burgess Products, William Low, Palmerston Investments Trust.

FUTURE DATES

Interims:—

Airflow Streamlines	Nov. 6
Chamberlain and Hill	Nov. 12
Clarke (Clement)	Nov. 11
Coats Patons	Nov. 13
English National Investment	Nov. 20
Polymark International	Nov. 4

Finals:—

Jessups	Nov. 6
Moss Engineering	Nov. 13
Northborough Investment Trust	Nov. 14
Northern American Trust	Nov. 18

Overseas loss hits Slingsby at halftime

Mainly reflecting losses in France and Belgium, first half 1975 profits of H. C. Slingsby, makers of trucks and ladders, etc., are almost halved from £102,574 to £52,363.

Members are told that there are no signs at present of any improvement. The group continues to trade profitably in the U.K., though the full year results are unlikely to match those for 1974.

Stated first half earnings per 25p share are down from 4.5p to 2.15p. The interim dividend is 0.6p net against 0.58625p to reduce disparity with the final—total for 1974 was 2.25p paid from profits of £219,000.

	First half 1975 £	1974 £
Sales	1,282,650	1,094,490
Profit	52,363	102,574
Taxation	35,500	53,209
Net profit	16,863	49,365
Minorities loss	4,645	*4,412
Attributable	21,508	44,953

* Profit.

Scottish Ontario

Gross revenue of Scottish Ontario Investment Company, showed little change at £395,019 against £397,361 in the half-year to September 30, 1975. The figure for the year to March 31, 1975 was £816,167.

Stated earnings per 25p share for the six months were down from 1.45p to 138p. As before the interim dividend is 0.6p net per share—a 2.7p total was paid for the previous year.

Total assets attributable to the Ordinary shares were £17.38m. (£15.75m. at March 31, 1975). Net asset value—prior charges at par—was 126p per share (114p) and with prior charges at market value 129p (117p). Investment currency premium include 23.8p (29.1p).

A. Stephen omits Pref. dividend

Shiprepairers and engineers, Alexander Stephen and Son incurred an increased net trading deficit of £38,222, against £3,053, in the year to March 31, 1975, and is omitting payment of the Preference dividend.

Trading deficit is arrived at after including a surplus from shiprepairing of £95,027 (£111,220). As before there is no tax charge.

Voting today on F.M.C. Board dispute

BY KEITH LEWIS

SHAREHOLDERS in FMC will have the opportunity to vote at the annual meeting to day on a controversial proposal, to be put by the principal shareholder, NFU Development Trust, which calls for major Board changes.

The proposals include the removal of the current chairman, Mr. J. A. Payne (who stands to receive compensation of £170,000 in cash plus a further £35,000 to fund pension benefits) and three non-executive directors. They are to be replaced by four new directors, including Mr. D. H. Darbishire, who will become chairman, and who is also chairman of NFU.

The proposals have the backing of the majority of the FMC Board. The three dissenting directors—Mr. R. H. Y. Mills, Sir Gwilym Williams and Mr. E. E. Marsh—are the three that NFU is seeking to remove. Mr. Mills, one of the most vocal of the critics of the scheme, is offering himself for re-election, though NFU has already announced that it will vote against this move.

The result of to-day's vote does not appear to be in doubt, with NFU holding 42 per cent. of the equity and controlling more through associates.

The main criticism levelled at the NFU proposals is that they seek to gain control of FMC, a company it first created in 1959 and brought to the Stock Market in 1962, without gaining equity control. A bid made at the end of 1974 was later dropped following a probe by the Monopolies Commission, even though the report concluded that such a take-over was not against the public interest.

However, the Monopolies Commission report was highly critical of NFU. The Committee said that "certain criticisms of FMC's efficiency by the Trust are in our view uninformed and unsubstantiated." Later the report remarked that: "We have been struck both by the Trust's lack of knowledge and FMC's activities and by the lack of any dialogue since 1971 between the Trust and FMC which might have produced a better understanding between them on their respective functions and interests."

Of FMC, the Committee found that, perhaps with the exception of one subsidiary, Marsh/Harris Group where profitability had always been unsatisfactory, FMC was efficiently managed.

A further criticism of the proposals has been that once in control, NFU might operate in an uncommercial way to the detriment of shareholders but benefit of farmers. However, NFU has now given assurances that it is determined FMC should be a "profit-motivated commercial organisation."

While the Australian economy remains in its present subdued state, prospects for continuing growth "depend heavily" on the colour television receiver market.

But the chairman stresses that the public will not keep buying on the present scale once the current abnormal demand is satisfied, after which the industry will face a temporary over-supply.

EMI Australia ahead

Current year sales and profit of EMI (Australia) are well ahead of the corresponding period last year, says the chairman, Mr. J. M. Burnett.

Profit held by Trust Union

Pre-tax revenue of Trust Union shows little change for the half year to September 30, 1975 at £485,136 against £483,259. Tax takes £194,096 (£183,355) and the available balance is £293,952 against £292,816. Net revenue for the last full year was £550,818.

An interim dividend of 1p net (0.9p—2p total) has already been announced.

The net asset value per 25p share after deducting prior charges at redemption prices is 101.3p against 88.2p.

	Half-year 1975 £	1974 £
Franked invest. income	405,591	353,179
Unfranked inv. income	140,447	139,589
Short-term deposit	116,409	131,183
Total revenue	662,447	624,181
Management expenses	45,509	38,713
Debenture loan	131,802	113,218
Revenue before tax	485,136	483,259
Tax	42,775	67,601
Imputed tax frnkd. inc.	141,321	115,754
Net revenue	301,040	299,904
Preference dividend	7,088	7,088
Available for Ordinary	293,952	292,816
Interim dividend	216,000	194,400
Leaving	77,952	98,416
Valuation of invests.	23,719,471	20,434,112
Net current assets	1,953,848	2,143,504
Total	25,673,319	22,577,616

Advance by Premier Milling

Associated British Foods' 52 per cent. owned South African subsidiary, Premier Milling, reports profits up from R14.5m. to R17.8m. at the pre-tax level for the half year ended September 30 last with earnings advancing from 27c to 34c.

Sales, spread across wheat and maize milling, broilers, animal foods, bakeries, Bantu Beer and pharmaceuticals, rose from R197m. to R230m., indicating some improvement in margins. The interim dividend is lifted 2c to 13c.

Premier is cautious about second half results, the Board noting the adverse effects of the recent fuel price rise and committing itself to absorb the higher cost as an anti-inflationary gesture. However, it says the second half should at least equal the first, implying minimum earnings of 68c (compared with 58c) for the year to March, 1975.

BIDS AND DEALS

Airfix German deal details

SHAREHOLDERS of Airfix Industries have been given further information on the acquisition, agreement for which was announced in July, of Plasty-Spielzeug GmbH and Co. KG.

Plasty KG in addition to distributing Airfix products, manufactures and imports a variety of other toys, and trades from Neulussheim, near Mannheim, West Germany.

It is the principal member of a group of companies and the agreement provides for the acquisition by Airfix (through a new wholly-owned subsidiary, Airfix Investments) of the Plasty Companies in two stages. The first results in Airfix now having an overall interest of 60 per cent. in Plasty KG while the second gives the vendors the right to require Airfix to purchase the balance on six months' notice at any time after January 1, 1978 and gives Airfix the right to make this purchase at any time after January 1, 1980.

Total consideration under the first stage was DM7.5m. (£1.45m.) and under the second stage will be the greater of DM3.9m. and an amount equal to five times the weighted average of annual profit after taxes for the three preceding years attributable to the interest being purchased.

Consideration for the first stage, effective from January 1, 1975, has already been paid and necessary consents and approvals obtained. It has been financed in equal proportions through purchases of currency at the official rate and from a medium-term loan facility of DM4.5m. repayable July 15, 1979 and carrying interest at 10½ per cent. per annum.

Combined adjusted net tangible assets of the Plasty Companies attributable to Airfix amounted to DM7.4m. (£1.42m.) at June 30, 1975 and profit before tax of the companies for the year ended June 30, 1975 amounted to DM5m. (£970,000) — the net figure after tax was DM3.5m. (£680,000).

The directors of Airfix consider that, having regard to overdraft and other facilities available, the group, including the Plasty Companies, have sufficient working capital for present requirements.

They say that group trading continues to be satisfactory.

The directors have been advised by S. G. Warburg and Co. The extraordinary meeting to approve the deal will be held on November 18.

See Lex

Star Offshore expansion

Star Offshore Services has purchased all the share capital of North Sea Diving Services of Great Yarmouth and subsidiary and associate companies. Total profit of the NSDS Group for the year 1974 was £95,139.

Consideration was £137,500 in cash, £120,000 in shares issued on October 30, 1975, and £83,000 in shares to be issued on December 31, 1976. The latter figure is subject to variation dependent on NSDS profits for 1975 and 1976.

About six months ago, SOS took over Northern Divers of Hull.

CHAS. ROBERTS

Lonrho announces that acceptances of its offer for the Ordinary capital of Charles Roberts, other than that already owned, have been received in respect of 90.16 per cent. of the shares for which the offer was made.

Lonrho and its subsidiary now hold, or have received acceptances in respect of, 772,344 Ordinary shares of Roberts (92.07 per cent.) and the offer has become unconditional. It will remain open until further notice —Lonrho intends to compulsorily acquire any outstanding shares.

Pending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary *profit figures usually accompany final dividend announcements.*

	Date	Announce-ment last year		Date	Announce-ment last year
AD Intnl.	Nov. 25	Int. 4.627%	Land Securities	Nov. 21	Int. 4.5%
Acrow Engineers	Nov. 12	Int. 10.8%	Lister	*Oct. 24*	Final 8.4%
Assoc. British Foods	Nov. 18	Int. 18.6%	Lloyds and Scottish	Dec. 11	Final 13%
Assoc. Engineering	Dec. 12	Final 14.6%	Longbourne	Nov. 20	Final 5%
*Assoc. Newspapers	Nov. 28	Int. 3.865%	*Lucas Industries	Nov. 10	Final 5.5%
Assoc. Television	Dec. 12	Int. 11%	Lyons (J.)	Nov. 26	Int. 3.1%
Aust. & NZ Banking	Nov. 25	Final 8.854%	*Mallinson and Denny Mott	Nov. 4	Int. 4.2%
*Averys	Nov. 4	Int. 8.8%	Marchwiel	Nov. 20	Int. 4.6%
Baker Perkins	Nov. 4	Int. 4.9%	MEPC	Dec. 6	Final 2.75%
Bass Charrington	Dec. 8	Final 14%	*Metal Box	Nov. 17	Int. 6.5%
Beaverbrook Newspapers	Nov. 13	Final 2%	*Minster Assets	Nov. 11	Int. 8.9%
Beecham	Nov. 21	Int. 14.6%	National and Comcl. Bkg.	Nov. 21	Final 6.4%
*Birmid Qualcast	Nov. 5	Final 13%	Pegler-Hattersley	Dec. 13	Int. 13.4%
*Boots	Nov. 13	Int. 8.7% §	Pilkington Bros.	Dec. 5	Int. 6.511%
British and Commonwlth.	Nov. 14	Int. 8½%	Plantation Hldgs.	Nov. 20	Int. 11.6%
Brockh'se (J.)	Nov. 21	Final 9.9%	Powell Duffryn	Nov. 21	Int. 6.7%
Brown Shipley	Nov. 28	Int. 4.477%	Racal Electronics	Dec. 5	Int. 5.074%
Burton	Dec. 13	Final 8.8%	RHM	Dec. 3	Final 8.486%
*Charter Consolidated	Nov. 19	Int. 13.4%	RHP	*Dec. 5*	*Final 11%*
Chubb	Nov. 13	Int. 4.2%	Rand Selection	Nov. 7	Final 80%
*Coats Patons	Nov. 12	Int. 5.4%	*Readicut	Nov. 5	Int. 8.4%
Compair	Dec. 11	Final 10.4%	Renold	Nov. 21	Int. 37%
Courtaulds	Nov. 13	Int. 11%	Sainsbury (J.)	Nov. 27	Int. 3.965%
*Daily Mail and General Tst.	Dec. 3	Int. 10.7%	Sedgwick Forbes	Nov. 28	Int. 7.32p
Davis (Gdfry.)	*Nov. 18*	Int. 4.3%	Selection Tst.	Nov. 21	Int. 29.8%
Dawson Intnl.	Nov. 14	Int. 6.3%	Serck	Dec. 18	Final 7.2%
*De La Rue	Nov. 4	Int. 6.5%	Sketchley	Nov. 20	Int. 1%
Distillers	Dec. 12	Int. 6%	*600 Group	Nov. 27	Int. 8.3%
Eastern Produce	Dec. 5	Int. Nil	*Smiths Industries	Nov. 13	Final 9.9%
Elliott (B.)	Dec. 3	Int. 10%	*Smith (W. H.)	Dec. 3	Int. 2.64%
European Ferries	Nov. 1	Int. 3.3%	Standard Chrtrd. Bank	Dec. 3	Int. 9.328%
Fairey	Dec. 10	Int. 6%	Staveley Inds.	Dec. 16	Final 6%
General Electric	Dec. 11	Int. 8.9%	Swan Hunter	Nov. 19	Int 4.1%
Gt. Portland Estates	Nov. 21	Int. 3%	Teacher (Distillers)	Nov. 8	Int. 6.3%
Gt. Universal Stores	Dec. 5	Int. 16.42%	Tesco	Nov. 27	Int. 3.94%
Guinness (A.)	Dec. 16	Final 21.2%	Trafalgar House	Dec. 6	Final 10%
Hambros	Nov. 27	Int. 10.169%	*Unilever	Nov. 12	Int. 28.9%
Heath (C. E.)	Dec. 2	Int. 13.6%	*Unilever NV	Nov. 12	Int. 14.6%
*Hill Samuel	Nov. 12	Int. 6.3%	*U.K. Optical	Nov. 27	Int. 5.97%
Initial Services	Dec. 13	Int. 5.2%	Whessoe	Dec. 5	Final 13.89%
*International Computers	Nov. 11	Spec. Int. 1%	*Whitbread	Nov. 6	Int 5.2%
Intnl. Paint	Nov. 20	Int. 3.54%	*Wolseley-Hughes	Nov. 7	Final 13.2%
Johnson Matthey	Nov. 20	Int. 7.46%	Wood Hall Trust	Nov. 6	Final 22%
LGP	Dec. 10	Int. 5.6%	Woodhead (Jonas)	Dec. 18	Int. 10½%
			Worth (Bond)	Nov. 21	Final 10%

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates were reduced in general last week. Deposits with local authorities at seven days' notice fell to 11¼-11⅜ per cent. from 11⅜-11⅝ per cent., while the one-month deposit eased to 11¼-11¼ per cent. from 11½-11⅝ per cent. Three-month deposits declined to 11⅝-11⅞ per cent. from 11⅞-11⅞ per cent. and the one-year mortgage rate fell to 12¾-12½ per cent., from 12¼-12⅝ per cent.

The Financial Times Government Securities Index finished the week at 58.05, compared with 58.12 on the previous Friday. The Gilt-edged market remained unsettled by the Government's large borrowing requirement, but sentiment was helped by the lower trend in U.S. banks' prime lending rates.

One-year local authority bonds were placed during the week at par, with a coupon of 12¾ per cent., unchanged from the previous week's batch.

* Rate (%) October 31, 1975	
2 days' notice (deposit receipt)	11 —11¼
7 days' notice (deposit receipt)	11¼—11⅜
7 days' notice after one month (deposit receipt)	11¼—11¼
7 days' notice after three months (deposit receipt)	11⅝—11⅞
7 days' notice after six months (deposit receipt)	11¾—12
Mortgage at one month's mutual notice after 11 months	12⅛—12¼
Mortgage at one month's lender notice after 11 months nominal term 2-5 years	n.a.
2 years' mortgage	12⅞—13†
3 years' mortgage	13½†
4 years' mortgage	13¾—14†
5 years' mortgage	14—14½†
6-10 years' mortgage	n.a.
11-30 years' mortgage	n.a.

* Rates are *for sums not less than £20,000 and are subject to local* variations and fluctuations. † Nominal. ‡ Shorter periods may attract higher rates than longer. n.a. Not available.

Public Works Loan Board rates

Effective from November 1, 1975

Years	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans A* Repaid By instalments	Non-quota loans A* Repaid At maturity
Up to 5	12⅞	12⅞	13⅞	13⅞
Over 5, up to 10	12⅞	12⅞	13⅞	14½
Over 10, up to 15	13	15¼	14¼	15¼
Over 15, up to 25	15⅛	15¼	15⅛	15⅝
Over 25	15⅛	15½	15⅛	15½

* Non-quota loans B are 1 per cent. higher in each case than non-quota loans A.

RECENT ISSUES

EQUITIES

Issue Price p***	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p***	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
♣	F.P.	—	189	120	Corn Exchange	120	—	b1.62	2.5	1.5	—
♣R3	F.P.	7/11	110	69	Blandard G'd Mini'g 20c	88pm	−2	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
‡‡	F.P.	21/8	95	85	Adwest Grp. 10½% Cnv. 95/2000	93	−1
£99¼	£10	30/1	10	9½	Bristol (City of) 13¾% Deb. Stk. 1981	9½	−¼
[illegible]	F.P.	17/10	99	97½	Bristol Water 9% Red Pref 1980	98½	—
£100	F.P.	—	100½	98	CSR 9½% Notes 1980	99½	—
£98½	F.P.	—	101¼	99¼	City of Liverpool 13¾% Stk. 1981	99¼	−¼
£99	F.P.	5/9	102½	98	Clayton Dewandre 19% Deb. 90/5	101½	—
£99½	£30	11/2	30¼	29½	Coventry (City of) 13¾% Red. Stck. 1980	29¼	−¼
£98½	£45	6/1	46¼	44½	Derby Borough Council 13¾% Stk. 1982	45¼	−¼
[illegible]	F.P.	9/9	100½p	95p	Fodens 10% Cnv. Red Cum Pref.	95p	—
£100	P.P.	15/10	138½	113	Haslemere Est. 9½% '90-5	125	−1
£100	F.P.	25/10	110	102	Hoechst 10% Guar. Ln. 1990	110	—
£100	£50	9/1	51½	49⅞	Islington 13¾% Red. Stk. 1980	50¾	−¼
£100	£50	9/1	49½	47½	Do. 14% Red. Stk. 1985/6	47½	−½
‡‡	F.P.	—	117	94p	Johnson&Firth Brown 11.05%Cm. Conv.Prf	111p	—
£100	£40	22/9	62½	40½	Land Secs 10% Conv. 90/5	61	−1
††£98	£10	28/11	11	10¾	Lee Valley Water 9% Red. Pref. 1980	11	—
$US100	F.P.	—	99½	98½	Midland Bank Float Cap Notes '82	99½	—
£99	F.P.	26/9	103¼	97	Newcastle & Gate 9% Red. Prf. 1980	99	—
$C100	F.P.	—	98	98	Noranda 9¾% Notes 1980	$C 98	—
$US100	F.P.	—	98	98	Do. " " "	$US 98	—
£98	£25	23/1	27½	25	Norcros 15¾% Deb. 1990/95	26	—
50p	Nil	—	¼p	¼p	Singlo 10% Cum. Conv. Pref.	¼pm	−¼
£100	F.P.	28/11	120	100	Spirella 14% Conv. 1990	116	−4
‡‡	F.P.	29/8	121½	98¼	Whitbread 11% Conv. 1996	119	−1
£98	F.P.	31/10	99½	98¼	York Waterworks 9% Red. Pref. 1980	99	—

"RIGHTS" OFFERS

Issue Price p***	Amount Paid up	Latest Renunc. Date †	Latest Renunc. Date ‡	1975 High	1975 Low	Stock	Closing Price p***	+ or −
20	Nil	—	—	15½	13	Amal. Distilled Products	15pm	—
25	F.P.	28/10	25/11	71	62	Babcock & Wilcox	68	—
105	Nil	—	—	31	21	Cape Inds.	29pm	+2
25p	F.P.	6/10	14/11	58	49	European Ferries	56½	—
50	F.P.	30/10	28/11	65½	60	Grand Met. Hotels	65	−½
260	F.P.	28/10	12/12	375	330	I.C. Gas	370	+2
10p	F.P.	4/11	—	100	84	Ladbroke	89	−½
41	F.P.	29/8	14/11	74	50½	Norcros	72½	−½
25	F.P.	30/10	9/12	69	58	Northern Foods	67	—
25p	F.P.	3/11	3/12	29¼	25	Peacock Sasini	27	+2
220p	F.P.	17/10	14/11	312	280	Royal Insurance	308	−2
60p	Nil	—	—	17½	10½	Weir Group	17½pm	+5½

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital; cover based on dividend on full capital. p*** Pence unless otherwise indicated. ¥ Forecast dividend; cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✦ Offered to holders of Ordinary shares as a "rights." ♥ 390 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ≠ With warrants.

INTERNATIONAL COMPANY NEWS

Japanese motor groups lift profits

BY PETER DUMINY

TOKYO, Nov. 2.

TOYOTA overtook Nissan in export sales in the first half of the financial year (April-September), and both groups report record turnovers and *substantially higher earnings compared* with a year ago.

Nissan's results are in the nature of a spectacular recovery from last year's slump—even more so than the market had been led to expect. Sales revenue increased 25 per cent. to $2.75bn., trading profit jumped from $36m. to $141m. and earnings recovered from $28m. to $64.7m.

This was achieved from sales of 1m. units, of which 584,000 were domestic and 429,000 in export markets. Full-year earnings are *apparently set to come* out close to the $138m. of 1973-74 and perhaps second only to the 1972-73 performance of $160m.

Toyota's unit sales were 1.26m., an increase of 20 per cent. Domestic sales rose 33 per cent. to 806,000 and exports were 3.5 per cent. up at 451,500.

The *Toyota* financial results declared are those of the 40 per cent.-owned Toyota Motor Sales, which handles group sales (Toyota Motor, the manufacturer and parent, reports at the end of November.)

The sales company did not experience the sharp setback last year that was sustained by the manufacturers. Therefore the recovery, of 31 per cent. to $3.4bn. in net sales and 38 per cent. to $26.7m. in earnings, is less *spectacular. Nonetheless* Toyota motor sales could end the year with record earnings, bettering the $52.4m. of 1973-74.

Matsushita earnings cut

BY OUR OWN CORRESPONDENT

TOKYO, Nov. 2.

GROUP SALES fell 7 per cent. behind the year ago level in the third quarter, Matsushita reports, and were also down from the second quarter. However this setback was more than compensated for by price increases which raised the pre-tax margin to 5.7 per cent. from the second quarter's 4.1 per cent.

As a result, pre-tax income of $62.7m. was 31 per cent. higher than in the second quarter, though still sharply down from the year ago level of $113m. Earnings of $23.3m. were the highest this year, but barely half the $45.6m. reported in the third quarter of 1974 (the financial year ends on November 20).

The company says the performance was affected by exports, one-fifth of sales, which dropped 20 per cent. compared with a year ago to $228m.

Bank of NSW advance

BY JAMES FORTH

SYDNEY, Nov. 2

THE BANK of New South Wales, Australia's largest private trading bank, lifted group profit 10.5 per cent. from $A31.9m. to $A35.3m. in the year to September 30. However, the improvement came entirely from non-banking activities, principally its finance arm Australian Guarantee Corporation.

As reported last week AGC boosted earnings from $A17.7m. to $A22.7m., lifting the bank's share from $A8.7m. to $A11.9m. Other wholly owned subsidiaries, such as unit trust, superannuation funds and investment services *also lifted their contribution*, from $A1.3m. to $A2m.

But earnings of the trading bank edged down from $A23.6m. to $A23.2m. and of the savings bank from $A7.5m. to $A6.5m.

The bank has held the dividend at last year's higher level of 28 cents a share. It is covered by earnings of 66.4 cents a share compared with 64.1 cents in 1973-74. The final dividend of 14 cents a share will be paid on January 30.

Directors said the major factors leading to the overall improvement were the reduction in tax rates and the higher contribution from AGC. The group's charge for income, land and other taxes eased from $A51.1m. to $A49.3m.

But they added that a rise in *revenue in the banking area was* more than offset by the continued escalation in operating costs. In addition to the operating result the bank earned $A1.5m. in capital profits, mainly through sales of premises.

KLM sees loss despite upturn

By Michael Van Os

AMSTERDAM, Nov. 2.

KLM ROYAL Dutch Airlines saw results develop reasonably favourably in the second quarter of the financial year beginning April, 1975, but the management *stated that in view of the* seasonal patterns it would still be making a loss for the whole of the year.

The company said it had made a net profits of Fls.55.9m. in the second quarter (July to September, 1975) compared with a profit of Fls.41.6m. in the same period last year. This brings the first-half profit to Fls.34.2m. *which compares with a marginal* profit of Fls.8.8m. in the first six months of the previous financial year. Owing to the *normal seasonal business* downturn in the final quarters of the year, KLM concluded the previous financial year with a *loss of Fls.65.4m.*

KLM said that the second quarter operating revenue had risen by 8 per cent. to Fls.652m., pushing *the first-half figure* up by 7 per cent. to Fls.1.19bn. Operating costs, including depreciation in the second quarter *lopped off Fls.590m.* (5 per cent. more than last year); and the first-half figure totalled Fls.1.14bn. (up 4 per cent.). *This let an operating profit of* Fls.62m. in the second quarter (Fls.45m.) and Fls.50.7m. (Fls.21.3m.) for the half-year. Other deductions were Fls.6.1m. (Fls.3.4m.) and Fls.16.5m. (Fls.12.5m.), respectively, for the periods.

The company added *that* production had risen 3 per cent. in the second quarter, compared with the same quarter the previous year. Passenger traffic on liner services (regular) had gone up 5 per cent., mail transport up 14 per cent., but freight transport had fallen 5 per cent. and charter traffic was also down, by 6 per cent.

HAL contains losses

By Michael Van Os

AMSTERDAM, Nov. 2.

HOLLAND AMERICA Line, the Dutch cruising and special transport company, has confirmed earlier statements that losses in the current year would be "relatively small." Last year the company suffered an operating loss of Fls.15.8m. largely as a result of major setbacks in the *cruise sector.* HAL last year sold most of its transport activities to the Swedish Brostroem company.

In a short statement, in which HAL refrained from giving any figures, the company said that results in the first nine months of this year had "improved considerably" from the comparable figures the year before. The improvement was mainly attributable to better results in the cruising sector.

World Economic Indicators

RETAIL PRICE INDICES

	Oct. 75	Sept. 75	Aug. 75	Oct. 74	% change on a year earlier	Index base
Belgium	147.6	146.0	144.7	132.8	11.1	1971=100
	Sept. 75	Aug. 75	July 75	Sept. 74		
U.K.	140.5	139.3	138.5	111.0	26.6	1974=100
U.S.	163.6	162.8	162.3	135.5	7.8	1967=100
W. Germany	134.6	134.2	134.7	127.3	5.7	1962=100
Holland	160.2	158.2	156.7	145.1	10.4	1967=100
Italy	173.9	172.5	171.4	153.9	12.9	1970=100
France	155.1	153.8	152.8	140.1	10.7	1970=100
	Aug. 75	July 75	June 75	Aug. 74		
Japan	172.4	172.8	172.4	156.7	10	1970=100

Money & Exchanges

Bank of England Minimum Lending Rate 12 per cent. (since October 3, 1975)

Short-term fixed period interest rates were slightly weaker in *general last week.* The one-month sterling certificates yield eased to 11⅛-11¼ per cent. from 11⅝-11⅞ per cent., the three-month to 11⅛-11⅞ per cent. from 11⅛-11⅞ per cent., and the 12-month to 11⅛-11⅞ per cent., from 12⅛-11⅞ per cent.

Day-to-day credit was in fairly short supply *in* the London money market during the early part of last week and the authorities gave assistance by purchasing a moderate amount of Treasury bills and Corporation bills on Monday, and a small amount of Treasury bills on Tuesday. There was an adequate *supply of funds* on Wednesday and Thursday, and the authorities did not intervene. A surplus of funds on Friday was absorbed by large official sales of Treasury bills.

At the weekly Treasury bill tender the average rate of discount fell by 0.0515 per cent. to 11.4103 per cent.

Sterling improved against the U.S. dollar, and showed a slight gain in terms of major currencies in general. The pound finished at $2.0780-2.0790, compared with $2.0695-2.0705 at the end of the *previous week. The lowest point* touched was $2.0645-2.0655 on Tuesday, and the highest level was $2.0785-2.0795 on Friday. Sterling's *trade-weighted average depreciation* since the Washington Currency Agreement, as calculated by the Bank of England, *improved* to 29.0 per cent., against 29.3 per cent. on the previous Friday. On the previous four days sterling's depreciation figure finished at 29.2 per cent.

Euro-dollar interest rates showed a firmer trend and the discount on forward sterling narrowed. The three-month rate for the pound ended at 2.55 cent premium, compared with 2.80 cent premium.

The U.S. dollar lost ground against major currencies in general, but support from certain European central banks helped reduce the fall. The unit was depressed by President Ford's refusal to allow aid for New York City, and by the cut in U.S. banks' prime lending rates. Disappointment over the U.S. trade surplus in September also weakened the dollar. Its weighted depreciation, as calculated by Morgan Guaranty of New York widened to 2.91 per cent., from 2.84 per cent.

The gold market remained steady but quiet and the metal finished at $142½-143½, compared with $143¼-144¼ previously. The krugerrand finished at $146½-148½ (£70½-71½) in the domestic and international markets, compared with $147-149 (£71-72). The coin's premium over its gold content widened to 3.48 per cent., from 2.95 per cent.

EXCHANGE CROSS-RATES

Oct. 31	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankft.	—	2.562-564	56.75-85	6.62-63	5.30-31	97.45-55	97.30-40
N. York	39.11-13	—	23.00-02	2.5975-6000	2.0808-0812	38.15-16	38.08-10
Paris*	170.325-725	4.3475-3575	—	11.3965-3215	9.01-036	[illegible]	[illegible]
Brussels	15.07-10	38.63-67	8.56-67	—	79.97-80.09	14.62-71	14.67-71
London	5.31-32	2.078-079	[illegible]	80.10-50	—	5.44½-45½	5.44½-45½
Am'rdam	102.67-72	2.6212-37	60.205-255	6.604-80	5.441-6	—	99.805-858
Zurich	102.60-76	2.622-624	60.29-37	[illegible]	5.4475-4640	99.95-100.1	—

U.S. $ in Montreal. U.S. $=102.14-16 Canadian cents.
Canadian $ in New York. $ C=98.30-32 U.S. cents. U.S. $ in Milan 675.00
Sterling in Milan 1396.90.

EURO-CURRENCY INTEREST RATES*

Oct. 31 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	11¼-11½	5½-6	7-8	5⅝-5⅞	3-3¼	1-1½
7 days notice	11¼-11½	5⅝-6⅛	7½-8½	5⅝-5⅞	3⅛-3⅜	1-1⅜
Month	11-11½	6⅛-6⅝	8⅛-8⅜	5¼-5½	3½-3⅝	1⅛-1⅛
Three months	11⅝-12⅛	6½-7	8⅛-9⅛	5⅛-5⅜	4-4⅛	3⅛-3⅜
Six months	12-12½	7¼-7¾	9⅛-9⅜	5¼-5½	4½-4⅝	3⅝-3⅞
One year	12⅛-12⅝	7¾-8¼	9⅛-9½	5¾-6	5⅛-5⅞	4½-4¾

Euro-French deposit rates short-term 6½-8½ per cent.; seven days' notice 6½-6⅞ per cent.; one month 6½-7½ per cent.; three months 7¼-7¾ per cent.; six months 8-8½ per cent.; one year 8½-8⅞ per cent.

Longer-term Eurodollar deposit: two years 8⅞-8⅞ per cent.; three years 9¼-9⅝ per cent.; four years 9½-9⅞ per cent.; five years 9½-9⅞ per cent.

The *following nominal rates were quoted for London dollar certificates of* deposit: one month 6¹¹⁄₁₆-6¹³⁄₁₆ per cent.; three months 6¹¹⁄₁₆-6¹³⁄₁₆ per cent.; six months 7¼-7½ per cent.; one year 7⅞-7¾ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, and two days' notice for guilders and Swiss francs.

Oct. 31 1975	Sterling Certificates of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ♦	Bank bills ♦	Fine trade bills ♦
Overnight	—	10¾-11⅛	—	—	—	11-12	10½-11	—	—	—
2 days notice	—	—	11-11¼	—	—	—	—	—	—	—
†7 days or 7 days notice	—	11-11⅛	11⅛-11⅜	—	—	—	11-11⅛	—	—	—
One month	11⅛-11¼	11⅛-11⅜	11¼-11½	12-11½	11¼-12⅛	—	11⅛	11¼	11⅜-11⅝	12-12¼
Two months	11⅜-11⅝	11⅛-11⅝	—	12-11½	11⅜-12½	—	11⅛-11¼	11⅛-11⅜	11⅛-11⅜	12-11¾
Three months	11⅛-11⅝	11⅛-11⅛	11⅝-11¾	12-11½	11⅝-12⅛	—	11⅛-11¼	11⅛-11⅛	11⅛-11⅛	12¼-12
Six months	11⅛-11¾	11⅝-11¾	11⅞-12	12¼-11⅝	12-13	—	—	—	11⅝	12½-12⅜
Nine months	11⅛-11⅛	11⅛-11⅛	—	12½-11⅞	12-15	—	—	—	—	—
One year	11⅛-11⅛	11⅛-11½	12⅜-12½	12½-12⅛	12¼-13½	—	—	—	—	—
Two years	—	12⅜-12⅝	12¾-13	13-12	—	—	—	—	—	—

†Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13½ per cent.; four years 13¾-14 per cent.; five years 14-14½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11½-11⁹⁄₁₆ per cent.; and four-month trade bills 12½ per cent. Approximate selling rates for one-month Treasury bills 11¼ per cent.; two-month 11⅜-11⁵⁄₁₆ per cent.; three-month 11⅝-11⁹⁄₃₂ per cent. Approximate selling rates for one-month Bank bills 11¼-11⅜ per cent.; two-month 11⁵⁄₁₆ per cent.; and three-month 11¹¹⁄₃₂-11⁵⁄₁₆ per cent.; for one-month trade bills 11½-11⅞ per cent.; two-month 11¾ per cent.; and three-month 11⅞-12⅛ per cent.

Finance House Base Rate (published by the Finance Houses Association) 11½ per cent. from November 1. Clearing Bank Deposit Rates for small sums at seven days' notice 7 per cent. Clearing Bank Rate for lending 11 per cent. Treasury Bills: Average tender rates of discount 11.4103 per cent.

SPECIAL DRAWING RIGHT RATES

One SDR is equal to	Oct. 31	Oct. 30
Sterling	0.571266	0.572129
U.S. dollar	1.18578	1.18568
Belgian franc	45.6851	45.6546
Deutsche mark	3.02991	3.02645
French franc	—	5.19067
Italian lira	798.089	798.615
Japanese yen	357.868	357.483
Dutch guilder	3.10971	3.10767
Swedish krone	5.15814	5.14941

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

FORWARD RATES

—	One month	Three months
New York	0.90-0.80 c.pm	2.60-2.50 c.pm
Montreal	0.60-0.50 c. pm	1.58-1.48 c.pm
Amst'dam	3¼-2¼ c. pm	9¾-8⅝ c.pm
Brussels	45-25 c. pm	120-100 c.pm
Cop'nhg'n	7-5 ore pm	17-15 ore pm
Frankfurt	3⅛-2⅝ pf. pm	10½-9½ pf pm
Lisbon	50 c. pm-40c.dis	80 c.pm-40 c.dis
Milan	3-1 lire pm	6-4 lire pm
Oslo	6-4 ore pm	16-14 ore pm
Paris	4-2 c. pm	10½-8½ c pm
Stockh'lm	3-1 ore pm	10½-8½ ore pm
Vienna	35-10 gro pm	70-40 gro pm
Zurich	4¾-3¾ c. pm	12-11 c.pm

Six-month forward U.S. dollar 4.60-4.50c pm and 12-month 8.15-8.05c pm.

GOLD MARKET

	Oct. 31 1975	Oct. 30 1975
Gold Bullion (a fine ounce)		
Close	$142½-143½	$143¼-144¼
Opening	$143-144	$143¼-144¼
Morning fixing	$143.4 (£69.075)	$144.0 (£69.458)
Afternoon fixing	$142.9 (£68.702)	$143.75 (£69.290)
Gold Coins (domestically)		
Krugerrand	$146½-148½ (£70½-71½)	$147¾-149¾ (£71¼-72¼)
New sov'r'gns	$45½-47¾ (£22-23)	$46-48 (£22¼-23¼)
Old sov'r'gns	$45½-47¾ (£22-23)	$46-48 (£22¼-23¼)
Gold Coins (Int'rn'n'aly)		
Krugerrand	$146½-148½ (£70½-71½)	$147¾-149¾ (£71¼-72¼)
New sov'r'gns	$43½-44½ (£21-21½)	$43½-44½ (£21-21½)
Old Sov'r'gns	$43½-44½ (£21-21½)	$43½-44½ (£21-21½)
$20 Eagles	$223-226	$224-227
$10 Eagles	$112-115	$116-119
$5 Eagles	$73-75	$75-78

FOREIGN EXCHANGES

Oct. 31 1975	Bank Rates %	Day's Spread	Close
New York	6	2.0725-2.0795	2.0780-2.0790
Montreal	8½	2.0780-2.0780	2.1150-2.1145
Amst'rdam	4½	5.45-5.46	5.44½-5.45½
Brussels	†6	79.70-80.30	80.10-80.30
Copenh'gen	7½	12.35-12.42	12.40½-12.41½
Frankfurt	3½	5.29-5.32	5.31-5.32
Lisbon	6½	54.85-55.20	54.95-55.15
Madrid	7	122.30-122.80	122.40-122.60
Milan	6	1,388-1,401	1,397-1,399
Oslo	6	11.32-11.36	11.34½-11.35½
Paris	8	9.01-9.05	9.03½-9.04½
Stockholm	6	9.04-9.06	9.07-9.08
Tokyo	6½	624-650	625½-626½
Vienna	6	37.40-37.80	37.55-37.75
Zurich	5	5.45-5.48	5.44½-5.45½

† Basic discount. ‡ Rates given are for convertible franc: closing financial franc 82.10-82.30.

OTHER MARKETS

		¶Notes Rates	
Argentina	♦78.24-78.44	Argentina	226-256
Australia	1.6235-1.6595	Austria	38½-38
Brazil	17.51-18.01	Belgium	81½-83½
Finland	7.85-7.97	*Brazil*	20-25
Greece	70.449-72.180	Canada	2.11½-15½
H'ngKong	10.4275-.4500	Denmark	12.25-.45
Iran	142.2-144.2	France	8.95-9.15
Kuwait	0.598-0.608	Germany	5.25-5.40
Luxemb'g	80.10-80.50	Greece	72½-75
Malaysia	5.235-5.258	Italy	1510-1600
N Zealand	1.9831-1.9835	Japan	610-640
Saudi Arbia	7.26-7.36	Neth'rl'ds	5.35-5.55
Singapore	5.082-5.107	Norway	11.20-.40
S.Africa	1.7935-1.8110	Portugal	75-85
U.S.—		Spain	124-127
Canada	—	Sw'tz'l'nd	5.35-5.55
CSI—		U.S.	2.06½-08
U.S.cents.	98.28-98.37	Yugosl'ia	42-44

¶ Based on rates quoted by specialist dealers. Other rates may be quoted elsewhere. ♦ Rate given is the commercial rate: financial rate 100.24-100.44.
Special financial rate: 142.81-143.01. All rates nominal.

WEEKLY AVERAGES OF U.K. INDICES

Week to—	Oct. 31	Oct. 24	Oct. 17	Oct. 10
Financial Times				
Govt. Secs.	57.99	57.56	58.41	58.30
Fixed Interest	58.66	58.58	59.54	59.31
Industr'l Ord.	353.96	347.1	342.7	332.2
Gold Mines	261.26	269.5	259.9	242.3
Dealings mkd.	6,838	6,215	6,702	5,173
F.T. Actuaries				
Ind. Group	140.94	137.86	137.09	134.20
500-Share	158.42	155.44	152.62	148.98
All-Share	151.34	148.50	148.17	144.23
20-year Govt.	46.66	46.27	47.41	37.36
Red. Deb.	45.74	45.55	46.22	47.05

MINING NOTEBOOK

It can be tough going down below

BY LODESTAR

WHEN CONSIDERING readers' queries it sometimes occurs to me that shareholders in mining companies often have little idea of the hazards and unpleasant conditions that are met daily in underground operations, although *there have been some graphic* descriptions over the years in these columns. But the following quotations are worth pondering.

"Each step is an exploration, your foot feeling under *six* inches of warm wet sludge for the next secure sleeper on the narrow gauge railway. By your side water rushes along an open drainage channel. Your helmet bumps against the rocky tunnel ceiling. Your miner's lamp picks out grey stone walls covered with the same red sediment that lies so thickly on the floor. The sounds are of dripping, gushing water."

And: "Back in the shaft where the mine cage left you 443 feet below ground, a pump is shifting *9 cu. m. of water each minute to* keep this tunnel clear and gain a little on the seepage from the jungle above."

All this was taking place on the fourth level of the Kelapa Kampit tin mine on the Indonesian island of Belitung in the Java Sea *between Sumatra and Borneo.* And it was not little man treading through the sludge. It was none other than the Australian giant, *Broken Hill Proprietary.*

True, it is a mere sliver of that company's overall activities. However Kelapa Kampit has the *distinction* that if it is successfully re-opened it will be BHP's first underground metalliferous operation since the close-down long ago of its historic mine in Australia's Broken Hill field.

BHP report that development of the Kelapa Kampit project was in hand but much depended on what allocation could be made out of the Indonesian Government's export quota as dictated by the International Tin Council.

Digger Rocks

The continued troubles at the Greenvale lateritic nickel operation in Queensland, a joint venture by America's Freeport Minerals and Australia's Metals Exploration, have inevitably drawn attention once again to the fact that the economic prospects for the world's remaining unexploited and less costly sulphide deposits must eventually be considerably enhanced. The Selection Trust-MIM Holdings Agnew find in Western Australia springs readily to mind.

But in Western Australia itself it is the Forrestania Digger Rocks *nickel discovery that is exciting* most comment. Here there is a powerful backer, namely America's Amax with a 70 per cent. stake in a partnership venture with Endeavour Oil. Amax is known to be nickel hungry for its Louisiana refinery especially in view of the troubles with the Selebi-Pikwe operation in Botswana.

So there is a feeling in Perth, although no official confirmation could be obtained, that Forresania could beat Agnew in the race to become Western Australia's next big nickel producer with an open-pit project that, it is claimed, could be brought on stream within 18 *months of a go-ahead decision.*

It could become the second largest producer in the state, ranking only behind Western *Mining's Kambalda mine and outdoing* Poseidon's Windarra operation in which Western Mining has a 50 per cent. stake. It is a sign of the times in the share market that all this Perth optimism has so far left Endeavour Oil shares completely unmoved at 13p, a far cry from the impact which it would have had in the great Poseidon boom days. Any positive news about the Forrestania venture could nevertheless stir up some speculative interest in Endeavour.

North Kalgurli

Is there any hope for North Kalgurli now that it has broken with Great Boulder has been a plaintive cry from more than one reader lately. Well, at least this former Kalgoorlie gold miner still soldiers on even though its shares *linger at a year's low of 7p and* it has had to suspend production.

The trouble is that earlier this year Kalgoorlie Lake View ceased *treating ore from North Kalgurli's* Fimiston mine. So, with its own plant now turned over to nickel production under a deal with the Selection Trust group's Selcast Exploration which is working a mine at Spargoville, the Fimiston ore currently has nowhere to go. North Kalgurli is thus seeking a new partner.

Meanwhile, the company is working away at enlarging its Fimiston ore prospect and test drilling has proved an extension of gold mineralisation for more than 330 metres (1,083 feet) north of that previously established in the eastern lode system. One hole cut 6.2 feet of ore assaying 15.3 dwts a tonne. The warning is given that extraction of this new ore would involve considerable development work. Drilling is continuing.

So North Kalgurli under the chairmanship of John Jones is by no means dead yet and the shares could be worth preserving in the old oak chest.

Pancontinental

Still in Australia, there is increasing talk in Sydney that a favourable statement is in the offing from the Pancontinental camp—perhaps a further enlargement of its Jabiluka uranium deposit. Nor should it be forgotten that there could be good news about the gold content of the ore first reported last July. *Significantly, the shares were at a* peak 665p on Friday.

Other good news for the Australian sector of the market includes a Tokyo report that the major iron ore miners, notably Hamersley and Mount Newman, are unofficially proposing to Japanese buyers 1976 price markups that the Nippon Steel Corporation claims range up to as much as 80 per cent. But do not get too excited. There will be some very hard bargaining before the next round of price increases is actually agreed.

In the meantime, Hamersley is bringing *increased* 1975 profits into the RTZ group as recently announced and there is a chance of a modest improvement in the *dividend which was 7 cents for* 1974.

Finally, it is worth noting that the Australian Government's controversial Petroleum and Minerals Authority Bill in its new form has had much of its teeth drawn. The PMA now would lose the right to acquire interests in mining projects, the right to declare land an exploration area and the right to Government re-imbursement of its losses.

It would be able to invest in mineral operations but only by consent of the companies involved. Moreover, the Bill could still be defeated in the Senate.

INSURANCE

Increases in motor premiums

BY OUR INSURANCE CORRESPONDENT

LAST WEEK came announcements from Prudential and Zurich that they would be increasing their motor insurance rates for the second time in 1975: *each company* is adding around 15 per cent. to its hitherto current prices as from November 1.

Prudential last raised its rates by 27 per cent. in March while Zurich had a 20 per cent. increase in May. Thus the Prudential policyholder getting his renewal notice this week will find his premium some 46 per cent. higher than it was last year, assuming that his discounts, excesses and so on are the same, while Zurich's motorist will have to find around 38 per cent. more.

Previously Legal and General had already notified a 12½ per cent. rating increase and it is clear that these three are not likely to prove exceptional. Rather are they to be seen as the first of this winter's round. And in the next few weeks it is clear that most motor insurers will be announcing increases of similar size to become effective in December or January. The majority of motor insurers brought in higher rates in the second quarter of this year and at that time each made it clear that within six to nine months a further raise would be needed.

Motor premium increases are subject to a measure of control by the DOT. A dozen very large motor insurers are required to obtain consent to rating in*creases while every other insurer* is under a duty to notify proposed changes in advance and thereafter to answer such ques*tions as may be asked as to the* justification for those changes.

The background to the increases is of course a substantial *rise in damage repair costs and* liability compensation awards. There is clear evidence that the former have risen by around 30 per cent. *over the last twelve* months: and if some awards of compensation have seemed to fall behind the rate of inflation, nevertheless the wages *element* of those awards have moved forward at the full rate.

It is far too soon for anyone *to try to gauge the ultimate* likely effect of the £6 per week wage *rise* limit on the rate of inflation in the coming months: other factors of course will obtrude, but at this stage there can be few insurers who will budget for less than a 20 per cent. rate in 1976. If in the first few months of next year the pace does slow perceptibly, then probably the most likely consequence for the motoring public is that next year's round of increases will come not at mid*summer but in the early* autumn.

In the current year it seems that the British motor market will do well to break even, yet there is still a high degree of competition among some insurers for what they consider to be the better motoring risks. Take for example the new Sun Alliance Scheme for the motorist who is aged 50 plus, launched this week-end with substantial advertising planned in the coming weeks. Sun Alliance says that statistical research shows that the 50 plus *driver is safer* and a better *risk* than his younger neighbour, and for this reason it is now prepared to seel a cheaper motor policy to him.

The 50 plus motorist must have his policy restricted to one other named driver who must also be 50 plus, unless she happens to be his wife in which case she may be 50 minus. This driving restriction effectively eliminates from insurers' risk area the 50 plus motorist's children, those teenagers and young *adults who might otherwise* expect to enjoy the protection of their parents' motor insurance umbrella and who are of course *statistically in the age bracket* that produces the highest incidence of accidents.

Perhaps as something of a quid pro quo for this restriction, Sun Alliance is to include in its new policy cover for the cost of emergency overnight accommodation and for the necessary hiring of another car after an accident, as well as increasing personal accident benefits.

Many insurers allow discounts from their basic rates when cover is limited to driving by, say, husband and wife or any two named drivers and eligibility for such discounts does not depend on age. So there is nothing novel in offering a two-driver discount and it is only the age aspect that provides a new competitive sales aid.

Though many motorists buy such restricted cover, there are inevitably occasions when it is essential that some one else drives. On such occasions the restricted policyholder has no damage cover on his car and must make certain that the driver has his own third party insurance or must arrange cover for him by way of an extension and *at extra cost, else* both run the risk of prosecution and fine, for insurance offences under the Road Traffic Acts.

Demand for Gulf tankers shows no sign of revival

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THERE WAS virtually no new inquiry for large tankers in the Persian Gulf last week and this absence of demand, combined *with a bild-up of unemployed* tonnage in the area, has left the market in a depressed state.

At the end of the week a VLCC (more than 200,000 tons), which had been waiting for some time in the Gulf in the hope of securing slightly better terms, had to accept a fixture to the West from Mobil at the currently depressed rate of Worldscale 15.

In other loading areas, too, the market remained depressed with no important movement in rates although, in the clean tonnage market, rates from the Mediterranean were arranged at slightly higher levels.

According to *John I. Jacobs,* laid-up and idle tanker tonnage at the end of October was about 1m. deadweight tons higher than *a month earlier.*

INSURANCE BASE RATES

† Atlantic Assurance	11½%
Cannon Assurance	9½%

† Address shown under Insurance and Property Bond table.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Dollar sectors continue firm

BY MARY CAMPBELL

THE DOLLAR sectors of the Eurobond market showed continued firmness last week, despite increases in the size of issues and coupon cuts. The EIF-ERAP issue, originally scheduled at $50m. at an indicated 10 per cent., closed on Friday at $60m. on a 9¾ per cent. coupon, at 99½ per cent. Indications on the secondary market on Friday were that the price was holding, if without enthusiasm.

The size of the Genstar issue has also been increased—from $20m. to $25m. The indicated 10 per cent. coupon is, however, expected to be held in this case on an issue price of par.

Announced at the end of last week were Canadian dollar issues for Hudson's Bay Company and the City of Quebec. The $C25m. Hudson's Bay issue offers an indicated coupon of 10¾ per cent. on a six year maturity. Lead manager is Morgan et Cie. The City of Quebec is raising $C15m. on an indicated coupon of 10 per cent. The initial maturity is seven years and investors have the option to continue for up to 20. Lead manager is First Boston (Europe).

A major development last week was the lifting of the ban on new issues in the D-Mark sector. Expected next week is a DM150m. issue for the European Investment Bank with Deutsche Bank as lead manager. It appears that terms have not yet been decided but the market expects a coupon of 8¼ per cent. and a five-year maturity. Also expected in November are private placements by the Asian Development Bank and the Inter-American Development Bank, which were originally scheduled for August and had to be put off when the ban was imposed. Towards the end of the month a Japanese corporate borrower is expected to tap the D-Mark sector.

The Asian Development Bank is also expected to raise $75m. by means of an issue in New York this week.

Bank increases capital

FRANKFURT, Nov. 2.

COMMERZBANK said it intends to raise the 1975 dividend to DM9 (DM8.58) on higher profits.

The bank said operating profits for the first nine months are above those for the same 1974 period (group net profit for the whole of 1974 was DM138.3m.).

The bank also said it will raise its share capital by DM53.3m. to DM570.3m. by issuing new shares of DM50m. nominal, from previously authorised capital. The shares will be offered at DM125 each to present shareholders on a basis of one new share for ten already held.

The bank said the issue to shareholders will account for DM51.7m. nominal, while DM1.55m. nominal will be offered to holders of the bank's outstanding 1972 bond issue, with DM50,000 nominal left over.

The bank noted the operation should bring in DM133m. if the shares are sold at DM125 each.

The new shares will rank for dividend from October 1, 1975. Subscription period is expected to be from November 24 to December 8, the bank said.
Reuter

Pernod-Ricard takeovers

By Rupert Cornwell

PARIS, Nov. 2.

A FURTHER rationalisation in the French drinks industry was confirmed to-day with the news of a takeover offer by the Pernod-Ricard group for both Distilleries Reunies and the liqueur company Cusenier.

Under the terms of the deal, Cusenier shareholders will be offered six shares in Pernod-Ricard and a cash balance of Frs.40 for every five shares they hold. For Distilleries Reunies, the offer gives three Pernod-Ricard shares plus Frs.8 in cash for every four DR shares held.

The latest prices quoted in the Bourse were Frs.500 for Pernod, and Frs.420 for Cusenier. For Distilleries Reunies, the bid values its shares at just over Frs.370 apiece, compared with the price before their suspension of Frs.281.

Should the deals go through—and Pernod-Ricard has stipulated that its offer will only take effect if it receives at least 201,000 Cusenier shares—Pernod's position in the French alcoholic drinks industry will be reinforced.

Otis Elevator and Dana discuss merger

NEW YORK, Nov. 2

OTIS ELEVATOR and Dana have said they are engaged in serious merger negotiations. They added that they are considering a merger or other combination whereby Dana would issue shares of its common stock in a tax-free exchange for all the outstanding Otis common stock.

Otis said special meetings of the boards of directors of both companies are expected to be held on November 3.

Meanwhile United Technologies said it intends to proceed with its tender offer for all the outstanding common shares of Otis at $42 each. It made no comment on the announcement that Otis and Dana were in merger talks.
Reuter

AUSTRALIAN WEEKLY LIST

Australian $	Oct. 31	Oct. 24	Australian $	Oct. 31	Oct. 24
Advertiser Newspaper	†1.30	†1.30	Kiwi Int	†0.40	†0.40
Ansett Transport	†0.80	†0.78	M.L.C.	—	†2.00
Assd. Securities	†0.45	†0.48	Mauri Bros.	†0.88	†0.86
Aust. Guarantee	†1.75	†1.70	Mayne Nickless	†1.45	†1.48
Aust Paper M'nf'g	†1.12	†1.15	Nylex Corporation	†0.60	†0.60
Boral	†2.03	†1.98	Olympic Cons.	†0.53	†0.56
Bramble Inds.	†1.55	†1.55	Overseas Corporation	‡1.40	‡1.40
Burns Philp	‡2.12	†2.00	Petersville	†0.26	†0.26
Carpenter (W.R.)	‡1.21	†1.28	Queensland Cement	†1.34	†1.35
Castlemaine Perkins	†4.40	†4.25	QBS	†0.78	†0.70
Coal & Allied	†2.30	†2.90	Rocla Industries	†1.08	†1.20
Commercial Bank	†2.50	†2.65	Swan Brewery	†1.60	†1.48
Commercial Union	†0.26	‡0.27	TV Corporation	†2.45	†2.40
Commonw'lth Mining	†2.20	†2.20	Thiess	†2.90	†2.80
Grace Bros.	†1.98	‡1.85	Thomas Nat. Trans.	‡1.51	†1.26
Hardie Asbestos	†4.10	†4.07	Tooheys	†1.65	†1.62
Herald & Weekly	†2.05	†2.06	Travelodge	†0.33	†0.30
Humes	†0.90	†0.90	Woodside Burmah	†0.94	†0.96

† Buyer ‡ Seller

TEL AVIV STOCK EXCHANGE

Company	Prices Nov. 2 1975	Change on the week	Company	Prices Nov. 2 1975	Change on the week
Banking, Insurance and Finance			**Investment Companies**		
Bank Leumi Le Israel	217	−1.0	Bank Leumi Invest	198.5	+0.5
I.D.B. Bankholding	228	—	Discount Bank Invest Br.	246	—
Bank Hapoalim Br.	258	+13.0	'CLAL' Israel Invest	—	—
Union Bank of Israel Br.	269.5	+12.5	'CLAL' Industries	136.5	+1.0
United Mizrachi Bank	175.5	+5.0	**Commercial and Industrial**		
Hassneh Insurance Br.	241.5	−0.5	Alliance Tire & Rubber	620	—
Wolfson Clore Mayer Br.	102.5	+7.5	Elco Br.	282	−3.0
General Mtge. Bank Br.	222.5	+2.5	Argaman Textile Br.	285	−14.0
'Tefahot' Israel Mort Bank Br	235	—	'Ata' Textile 'B'	125	−1.5
			Dubek Br.	352	+8.5
			Elec. Wire & Cable Br.	150	−2.0
			Solel Boneh 10% Pref. Br.	165	+3.0
			American Israeli Paper Mills	340	+2.0
Land Development			Assis	233	+8.0
Africa Israel Invest. IL10	285.5	+2.5	Tall Manuf. of Plywood Br.	128	+1.0
Israel Land Devel Br.	132	+1.5	Elite	258	−55.0
Property and Building	230	—	Polygon	126	−0.5
Mehadrin	291	−6.0			
Public Utility			**Fuel and Oil**		
Israel Electric Corp	243	−5.0	Delek	187	+2.5

Source: Bank Leumi Le Israel, Tel Aviv.

HONG KONG

Hong Kong $	Oct. 31	Oct. 24
Amalgamated Rubber	†1.30	1.50
Bowaters	14.20x	14.20
Cathay Securities	‡1.20	†1.20
China Light & Power	14.90	15.10
City Hotels	—	†22.50
Jardine Matheson	22.40	23.70
Jardine Secs	7.05	7.25
Lombard Insurance	81.00a	81.00a
Rubber	‡1.44	1.34
Sime Darby	5.90	5.30
Southn. Pac. Prop.	0.54	0.54
Southsea Textile	13.20	13.50 xd
Swire Industries A	13.20	13.40
B	‡1.16	2.575
Swire Pacific A	5.85	5.90
Textile Alliance	7.00a	7.30a
Textile Corp of Hong Kong	5.20a	5.20a
Wheelock Marden	—	1.10
Wheelock Maritime	2.85	2.80
Winsor Industrial	1.20	1.20
Wynncor	†5.45	†5.45

† Buyer. ‡ Seller. a nominal. xd ex-div.

SINGAPORE STOCKS

Oct. 31	$	Oct. 31	$
Industrials		Straits Trad'g	4.88
Bovis	†0.50	*Times Pub. Berhad	†3.52
Boustead Hds*	‡2.02	Temenggong	1.68
"Singapore	—	U. Engineers	1.69
Dunlop	2.69	U. Overs. Bk.	3.68
Haw Par	1.50		
Sime Darby	3.14	Kuchai	—
Cold Storage	2.57	Lower Perak	—
Straits S.S.	3.02	Petaling Tin	†3.26
Straits Times* (1975) Ltd.	2.98	Sungei Way	—
		Tongkah Har.	—

† Buyer. ‡ Seller.

* Note Boustead Group now quoted under two separate companies Boustead Co. Singapore Ltd. and Boustead Holdings Ltd. Straits Times Group now quoted under two separate companies Straits Times (1975) Ltd., and Times Publishing BHD.

CORAL INDEX
Close 347-352

I.G. INDEX
GOLD 141½-144½

Investment premium based on $2.60 per £1—105½% (103¾%)

GERMANY ♦

Oct. 31	Prices Dm.	+ or −	Div. %	Yld. %
A.E.G.	87.1	+1.9	—	—
Allianz Versich.	466	−1	‡17	1.8
B.M.W.	231.5	−0.5	14	3.0
BASF	138.4	−0.6	17	6.2
Bayer	115.4	+0.7	17	7.0
Bayer Hypo	309		18	2.8
Bayer Vereinsbk	339	+1	18	2.5
Commerzbank	204.7	+0.7	17	4.1
Conti. Gummi	87	−0.5	—	—
Daimler	334.8		15	2.3
Degussa	236	+3	18	3.8
Demag	192.5	−1.5	—	—
Deutsche Bank	326.5	−1	20	3.0
Dresdner	240.5	−0.5	18	3.7
Dyckerhof Zem't	180		10	2.8
Gutehoffnung	190.5	−1.5	14	3.7
Hapag Lloyd	124	+2.5	‡12	4.8
Harpener (DM100)	160.5	+1.5	8	5.0
Hoechst	133.7	−0.3	18	6.7
Hoesch	54.3	+0.1	10	9.2
Kali Salz (DM50)	120		5	—

Indices

NEW YORK

DOW JONES AVERAGES

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Oct. 31	99.74	89.04
" 30	100.08	89.31
" 29	100.19	89.39
" 28	101.47	90.51
" 27	100.52	89.73
" 24	100.60	89.82
" 23	102.29	91.24
" 22	101.67	90.71
1975 High	107.40 (15/7)	96.91 (15/7)
1975 Lows	77.71 (8/1)	70.04 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Oct. 29 1975	Oct. 22 1975	Oct. 30 1974
Ind. Ord. yield p.c.	3.78	3.74	4.65
Ind. Ord. p/e ratio	11.80	11.97	5.60
Long-term Govt. Bds. per cent.	6.09	6.00	6.71

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Marion Cab.	127,300	12½	−½
Tenneco	122,400	24¾	—
CITI	112,500	26⅛	−¼
Ethyl	103,300	27⅛	−¼
Pittston new	100,800	29⅛	−¼
McDermott	91,200	58	+1
Safeway Stores	95,300	44⅝	−⅞
Southern Co.	89,200	13⅛	—
Charter	86,400	5	−⅛
General Motors	83,000	55⅛	+⅛

TORONTO

INDUSTRIAL INDEX

Oct. 31	Oct. 30	1975 High	1975 Low
165.03	166.95	196.50 (15/7)	159.41 (2/1)

MONTREAL

INDUSTRIAL INDEX

Oct. 31	Oct. 30	1975 High	1975 Low
171.59	171.14	205.61 (15/7)	139.95 (2/1)

COMBINED INDEX

Oct. 31	Oct. 30	1975 High	1975 Low
169.78	168.60	198.66 (15/7)	138.05 (2/1)

JOHANNESBURG

	Oct. 31	Oct. 30	1975 High	1975 Low
Industrials	202.8	201.4	236.9 (16/7)	183.2 (23/1)
Gold	238.2	238.7	379.1 (2/1)	203.3 (10/9)

(1958=100.) Source: Rand Daily Mail.

MELBOURNE YIELDS

W'ge yield on 50 Leading Stocks	Oct. 30	Oct. 23	Oct. 16
On Dividends	6.50	6.47	6.18
On Earnings	10.77	10.58	10.27

SYDNEY ALL ORD. INDEX

Oct. 31	Oct. 30	High 1975	Low 1975
402.93	404.60	422.40 (14/10)	288.88 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Nov. 1	Oct. 31	High 1975	Low 1975
316.47	317.00	333.11 (2/7)	268.24 (10/1)

HONG KONG INDEX ⊕

Oct. 31	Oct. 30	High 1975	Low 1975
312.27	308.38	341.57 (9/6)	160.48 (9/1)

SINGAPORE INDEX §

Oct. 31	Oct. 30	High 1975	Low 1975
230.41	229.89	268.69 (11/3)	153.26 (8/1)

EUROPE

	Oct. 31	Previous	1975 High	1975 Low
Belg'm (a)	98.61	98.34	111.21 (15/5)	89.07 (2/1)
Denm'k (b)	96.50	96.61	96.80 (31/10)	75.08 (15/1)
France (d)	66.5	66.4	72.6 (25/4)	51.70 (2/1)
Germ'y (e)	727.3	727.1	727.3 (31/10)	575.5 (2/1)
Holland (f)	87.9	87.5	101.6 (6/5)	75.2 (2/1)
Italy (g)	80.14	79.48	108.86 (21/2)	75.41 (17/10)
Spain (h)	95.42	95.88	116.96 (23/4)	91.80 (19/2)
Sweden (k)	395.09	396.87	407.52 (24/10)	310.06 (9/1)
Switz'rl'd (m)	256.0	254.6	282.1 (6/5)	205.5 (2/1)

Indices and base dates (all base values 100):— (a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December 1953. (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (u) Unavailable. ⊕ Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. + Adjusted.

IND. DIVIDEND YIELD p.c.

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

JOHANNESBURG

AUSTRALIA

CANADIAN WEEKLY LIST

AMSTERDAM

MILAN

PARIS

SWITZERLAND ♦

COPENHAGEN

VIENNA

STOCKHOLM

BRUSSELS

TOKYO ¶

OSLO ♦

SPAIN ♦

NOTES: Overseas prices exclude $ premium. Belgian dividends are shown after withholding tax.

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	16	......	Graig Ship. £1	380	−10	Shiloh Spinn.	23	......
Ash Spinning	37	......	*Halma Sleigh 10p*	6	......	*Sindall (Wm.)*	50	......
Bertam	18	......	Higsons Brew.	90	......			
Bdg'wtr. Est. 50p	125	......	I.O.M. Stm. £1	118	−5	IRISH		
Clover Croft	35	......	Holt (Jos.) 25p	250	......			
Craig & Rose £1	315	......	Kleen-e-Ze	18	......	Alliance Gas (£1)	65	+1
Dyson (R.A.)	30	......	Lovell's Ship £1	95	......	Carroll (P.J.)	128	+2
Ellis & McH'dy	58	......	N'thn. Goldsmith	90	......	Clondalkin	45xd	......
Evans F'r'k 10p.	33	......	P.M.A.	26	......	Concrete Prods.	86	+3
Evered	6	......	Pearce (C. H.)	60	......	Goodbody (£1)	28	......
Fife Forge	47	......	Peel Mills	12	......	Heiton (Hldgs.)	29	......
Finlay Pkg. 5p	16	......	Richards 10p	12½	......	Irish Distillers	68	......
Frost & Reed 50p	118	......	RobbCaledon5p	32	−2	Irish Wire	40	......
Gerdiner & Sons	11	......	Sayers 12½p	8	......	Jacob	65	......
Gardner (L.)	56	+1	Sheffield Brick	64	......	Sunbeam	11½	+½
			Sheff. Refrshmt.	141	......	Unidare	64	......

FINANCIAL TIMES STOCK INDICES

—	Oct. 31	Oct. 30	Oct. 29	Oct. 28	Oct. 27	Oct. 24	A year ago
Government Secs	58.05	57.84	58.05	58.13	57.90	58.12	52.01
Fixed Interest	58.72	58.66	58.66	58.67	58.60	58.81	52.35
Industrial Ordinary	351.2	352.0	352.5	360.1	354.0	356.7	196.6
Gold Mines	267.0	267.5	258.9	255.7	257.4	261.8	360.8
Ord. Div. Yld. %	6.03	6.01	6.00	5.89	5.98	5.94	10.15
Earnings Yld. % (full)	15.66	16.61	16.57	16.27	16.51	16.30	27.56
P/E Ratio (net) (b)	8.54	8.57	8.59	8.75	8.62	8.72	5.07
Dealings marked	5,213	6,258	7,779	6,876	7,018	5,801	5,849
Equity turnover £m	—	54.83	63.72	68.60	53.19	85.87	31.82
Equity bargains total	—	14,380	15,541	15,514	15,475	16,821	10,765

10 a.m. 353.4. 11 a.m. 351.8. Noon 350.5. 1 p.m. 350.5.
2 p.m. 350.3. 3 p.m. 350.5.
Latest index 01-246 8026.
(a) Based on 52 per cent. corporation tax. (b) Nil=8.48.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942. † Corrected.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54 (20/6)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/5)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.5 (5/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	444.5 (22/5)	231.6 (6/10)	442.5 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Oct. 31	Oct. 30
Daily—		
Gilt-Edged	145.1	154.4
Industrials	209.8	210.1
Speculative	55.3	44.7
Totals	141.4	142.4
5-day Av'ge		
Gilt-Edged	166.7	164.7
Industrials	232.7	232.1
Speculative	47.9	46.5
Totals	155.4	153.6

FT—ACTUARIES INDICES

—	Oct. 31	Oct. 30	Oct. 29	Oct. 28	Oct. 27	Oct. 24	A year ago
Industrial Group	140.14	140.73	141.19	142.78	139.86	141.79	75.67
500 Shares	155.38	155.98	156.54	158.65	155.75	157.37	81.63
Div. Yield pc	5.90	5.87	5.85	5.78	5.87	5.81	10.25
P/E Ratio (net)	8.83	8.87	8.90	8.98	8.82	8.92	4.76
All Shares	150.22	150.95	151.42	153.52	150.80	152.51	78.65
Consols yield pc	14.86	14.95	14.84	14.84	14.94	14.81	17.01

BASE LENDING RATES

AFI International	11 %	Julian S. Hodge	12 %
Allied Irish Banks Ltd.	11 %	Industrial Bank of Scot.	11 %
Anglo-Portuguese Bank	11½%	Jacobs, Kroll	11½%
Henry Ansbacher	11½%	Keyser Ullmann	11½%
Banco de Bilbao	11 %	Knowsley & Co. Ltd.	12½%
Banco de Jerez	11½%	Lloyds Bank	11 %
Bank of Cyprus	11 %	London & European	11½%
Bank of N.S.W.	11 %	London Mercantile	11½%
Banque du Rhone S.A.	11½%	Midland Bank	11 %
Barclays Bank	11 %	■ Samuel Montagu	11 %
Barnett, Christie Ltd.	12 %	■ *Morgan Grenfell*	11 %
Bremar Holdings Ltd.	12 %	National Westminster	11 %
Brit. Bank of Mid. East	11 %	Northern Comm. Trust	11½%
■ Brown Shipley	11½%	Norwich General Trust	11½%
Cayzer, Bowater Co. Ltd.	11½%	Portman Guaranty	11 %
Cedar Holdings	11 %	P. S. Refson & Co.	11 %
■ Charterhouse Japhet	11½%	Rossminster Accept'es	11 %
C. E. Coates	11½%	Royal Trust of Canada	12 %
Consolidated Credits	12 %	Schlesinger Limited	11½%
Continental Trade Bk.	11 %	E. S. Schwab	12½%
Co-operative Bank	*11 %	Security Trust Co. Ltd.	12½%
Copleys Bank	12 %	Shenley Trust	12½%
Corinthian Securities	11 %	Standard Chartered	11 %
Credit Lyonnais	11 %	Sterling Credit	12½%
G. R. Dawes	12 %	Thames Guaranty	11 %
Duboff Brothers	12 %	Trade Development Bk.	11 %
Duncan Lawrie	11 %	Twentieth Century Bk.	12½%
English Transcont.	12 %	United Bank of Kuwait	11 %
First London Secs.	11 %	Whiteaway Laidlaw	11½%
■ Antony Gibbs	11 %	Williams and Glyn's	11 %
Goode Durrant Trust	11 %	Yorkshire Bank	11 %
Greyhound Guaranty	11 %		
Grindlays Bank	11 %		
■ Guinness Mahon	11 %		
■ Hambros Bank	11 %		
Hawtin & Partners	13 %		
■ Hill Samuel	§11 %		
C. Hoare & Co.	†11 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7½%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 7½%, up to £25,000 7¾% and over £25,000 8¼%.
‡ Demand deposits 8¼%.

THE JOBS COLUMN

Soup, national corrosion, etc.

BY MICHAEL DIXON

GORDN BAXTER is a dedicated Scotsman. He once served 500 people in Chicago with haggis. I don't know whether they liked it, but I do know that I don't.

On the other hand, there's always a welcome when I am around for a can of one of the fine soups produced by the family firm which Mr. Baxter has developed much since he returned from his war work as a scientist with ICI. To be fair, the fact that the company now exports its foods to as many countries as Heinz used to have varieties is also a tribute to Mrs. Baxter who, as a home economist, has helped in the formulation of the successful products.

At the age of 55, Gordon Baxter now has other projects—including a concern called Best of Scotland — which he'd like to give more time to. So he wants to recruit to the foods company at Fochabers, midway between Aberdeen and Inverness, somebody able to run the organisation well enough to become its fully fledged managing director within about a year.

The company has about 400 employees and an annual turnover in the £6m.-£7m. range. The new M.D. will report to Mr. Baxter as chairman, and be immediately supported by a financial controller-cum-company secretary, marketing-and-sales managers for home and for overseas, a technical services manager, and a production, distribution and purchasing manager.

This is a job for a finance-and-marketing-orientated manager who has run a profitable business operation which has provided experience in dealing at top level with the main distribution and retailing concerns in the grocery field. Numerate management skills are essential which is possibly why — I cannot see any other sensible reason — the specification talks of a degree in "a business-related discipline." Preferred age is late 30s.

Salary around £12.000. Profit and equity sharing possible after probationary period. Applications to Eric Jameson, of Eric Jameson Associates (110, High Street, Solihull, Warwickshire B91 3TA — tel. 021-705 7127 or 7399). There'll be no racial discrimination in the selection process, d'ye ken, but I dare say a Scots candidate would no' be at a disadvantage.

THERE follows what I think is advance news of openings to be dealt with by the Civil Service Commission. Inquiries should be written to the Commission (Alencon Link, Basingstoke, Hants RG21 1JB), quoting the appropriate reference code.

Lecturers in personnel management are needed at the Sunningdale and London centres of the Civil Service College (which, in so far as it isolates mandarins-in-training from managers in other fields, has not my personal approval). Candidates, aged 26 or over, need practical experience in personnel management and/or the design of training. A degree or equivalent in the social studies and management science area is desirable. The jobs will allow opportunity for research, but the object of the teaching is to give the students something they can use with advantage. Scale £4,900-£7,450, with extra £410 for London post. Reference G/9165.

Next, an £11,260 post as director of the biochemical research and development unit at Rochampton, which does fundamental studies on mechanical limbs and is now extending beyond prosthesis into orthoses. Candidates must demonstrably be equipped to lead and manage a multi-disciplinary research programme and team, to work closely with appropriate field staff in hospitals and industry, and to make and keep wide-ranging scientific and clinical contacts. High academic achievement in science or engineering is needed. Ref. T/9159.

Some of us may feel that this country already has established a number of bodies which, under different names, act as national corrosion services. But, if so, their aims are diametrically opposed to those of the officially-entitled National Corrosion Service now being established at the National Physical Laboratory in Teddington. The service requires a deputy head and the salary scale is £5,770-£7,460. Candidates need an appropriate degree and broad familiarity with existing corrosion-resistance research and advisory facilities. Experience should include management of applied research, concern with relevant problems in industry, and knowledge of engineering applications of materials. Ref. S/9164.

AND SO (with the perhaps necessary assurance that this column has not been nationalised) to a pair of jobs being handled by the Government-sponsored Professional and Executive Recruitment agency. Telephone the consultant named, please.

A senior technical engineer is wanted by Davy Ashmore International at Stockton-on-Tees. Candidates must be for determining the lay-out and capable of taking responsibility logistics of steelmaking and continuous casting plant. Salary £5,500. Arthur Edwards, 0642-44222.

London Transport wants a projects manager for its central data processing department. Candidates need some years senior experience of design implementation of computer systems for engineering applications, and direct experience of engineering production control using on-line and remote job-entry techniques. Salary to £7,000 plus free travel on LT. Martin Chapple, 01-235 7030, extension 312.

APPOINTMENTS

Executive changes at Metal Box

Mr. W. Barclay, Mr. P. Dancaster, Mr. R. J. Frost, Mr. C. L. Mellor, Dr. J. McIntosh, Mr. A. J. Pearce, Mr. R. M. O. Stanley, Mr. A. D. Stutchbury and Mr. J. E. B. Sieve have been appointed to the Board of Metal Box Packaging.

Mr. P. Dancaster, Mr. D. Gorton, Mr. R. G. A. Haynes, Dr. J. McIntosh, Mr. D. H. O'Shaughnessy, Mr. A. J. Pearce and Mr. J. E. B. Sieve have joined the Board of Metal Box Diversified Products.

Mr. J. G. Hodder has joined and Mr. D. L. Allport has resigned from the Board of Metal Box Overseas.

These appointments follow the recently announced reorganisation of METAL BOX.

*

Mr. K. G. Miller has been appointed chairman and Mr. J. R. Harness managing director of SMART AND BROWN ENGINEERS. Mr. Miller and Mr. Harness succeed respectively Mr. Vernon Coffee and Mr. A. J. Ellis who are both retiring. Mr. Miller is an executive director of the Thorn Group. Mr. Harness was appointed works manager in 1968 and became a member of the Smart and Brown Engineers Board in 1972. Mr. J. S. Robinson, Mr. J. C. Bright and Mr. E. Midgley have also been appointed to the Board.

*

Mr. D. R. Fryer has been appointed secretary-general to the ROYAL TOWN PLANNING INSTITUTE. Mr. Fryer, who is at present secretary of the general practice division of the Royal Institution of Chartered Surveyors, will take up his appointment in January.

*

OWEN OWEN has announced the appointment of three new directors to the Board of Owen Owen (Stores). They are: Mrs. L. O. Glover, as director of management services, Mr. R. Whittaker, as financial director, and Mr. W. Stothart, the group secretary, who has also been appointed a director of two Canadian subsidiaries, Owen Owen (Canada) and the G. W. Robinson Company.

*

Mr. C. M. Bate has been appointed group secretary of LETRASET INTERNATIONAL. Mr. Bate joined the company as group solicitor in January 1974.

*

Mr. J. F. K. Hinde has been appointed head of the legal division of SHELL INTERNATIONAL PETROLEUM COMPANY. He succeeds Mr. F. U. J. O'Brien, who has retired.

*

Mr. R. L. E. Lawrence, a full-time member of the BRITISH RAILWAYS BOARD has been appointed vice chairman for a term of three years.

*

Mr. A. J. M. Koskull has been appointed a director of the HAMBROS BANK.

*

Mr. R. G. Purnell has retired from the Board of THE DELTA METAL CO. after nearly 30 years with the company.

*

Mr. Jonathan Janson has been appointed a director of GEEVOR TIN MINES.

*

Mr. J. A. Henderson, previously managing director of Tress Engineering, is joining the CompAir Group and will become managing director of COMPAIR MAXAM on November 10. He succeeds Mr. John Williams, who will continue to serve on the CompAir Maxam Board in a non-executive capacity.

*

Mr. John Bartholomew, chairman and managing director of Wadworth and Co., has been appointed to the NAAFI Board of management as a non-executive director. Mr. Norman Furse, Naafi's financial controller and chief accountant, is to be an executive director with responsibility for financial matters from January 1.

*

Dr. J. A. Ryan, governor of the BANK OF IRELAND, will retire in July, 1976, but will continue as a member of the court of directors. Dr. Ryan will be succeeded by Mr. W. D. Finlay, as present a deputy governor of the Bank. Mr. R. C. Lewis-Crosby will continue as deputy governor.

*

Mr. Andrew Rintoul has been named chairman-designate of the TRUSTEE SAVINGS BANKS ASSOCIATION and will succeed the present chairman, Sir Athelstan Caroe, in the near future.

*

Mr. Thomas Roche has been appointed chief legal manager of BARCLAYS BANK TRUST COMPANY. He was previously an executive director of Barclaytrust International.

*

Mr. Roger V. Senez has been appointed managing director of CHAMPION SPARKING PLUG COMPANY, in the U.K. He joined the Board in October last year. Mr. Stefano Cocchiglia has been appointed a director.

*

Mr. Edward P. Hatchett has been appointed a director of TARGET TRUST GROUP and has also joined the Board of its subsidiary, Target Life Assurance Company. Mr. Hatchett is deputy chairman of Dawnay Day Group (of which the Target Group is a subsidiary) and was until his recent retirement, joint secretary and investment manager of Prudential Assurance.

*

Mr. Kenneth J. Davies has been appointed works director of MOON BROTHERS.

*

Mr. Paul Rooksby has been appointed chief executive of the building materials division of BAMBERGERS in succession to Mr. H. J. B. Wilson who has resigned from the Board on his retirement.

*

OLIVER RIX has made the following appointments to the holding company main Board. Mr. R. B. Buckingham, Mr. D. L. Giles, Mr. D. E. Rogers, Mr. A. M. Struthers, managing directors respectively of the insurance, motor distribution, industrial and transport divisions of the group. Mr. R. E. Clarke has resigned as a director.

*

Mr. Colin T. Bryan has joined the Board of DENIS M. CLAYTON AND COMPANY.

*

Mr. A. W. Cartwright has been appointed managing director of J. HICKMAN AND SON (BUILDING), a member of the LCP Group, following the retirement of Mr. S. J. H. Hampton.

*

Mr. R. M. Huxtable has been appointed deputy chairman of BRICKHOUSE DUDLEY and Mr. C. G. Taylor and Mr. W. S. Lowe have become joint deputy managing directors. Mr. C. G. Boyd has joined the Board as finance director.

*

Mr. Stephen Allen has joined LEWIS AND PEAT as director of development of its chemical division. He has resigned his directorships of Federated Chemical Holdings and certain of its subsidiaries and associated companies.

Short time for Rediffusion workers

REDIFFUSION is to put nearly 1,000 workers at three North-Eastern factories on a four-day week from November 10. The company blames a decline in the electrical industry for the cutback at its Billingham, Sedgefield and Bishop Auckland plants.

The management told local leaders of the General and Municipal Workers' Union on Friday and said that the choice was between a four-day week for all hourly-paid workers, or redundancies. It is understood the union representatives accepted the shorter working week.

Early last month further redundancies and cutbacks in the depressed telecommunications and television industries were announced as unions and management met Mr. Varley, Industry Secretary, about the crisis in the television tube industry.

Standard Telephones and Cables has already announced plans to run down its plant at Larne, Northern Ireland, employing over 750.

Mr. Varley has promised to examine the industry's complaint about "dumping" of television tubes, particularly by Japan, which, it is claimed, threatens to stop U.K.-owned production of tubes.

When meeting the union leaders, it is understood, Rediffusion blamed the crisis in its plants on higher deposits; the £18 colour TV licence fee; and the new VAT rate.

Charles Street buys factories

By Our Leicester Correspondent

FIVE FACTORIES in the Imperial Typewriter company group at Leicester with a total of 300,000 sq. ft. of manufacturing space have been sold to the Charles Street group of companies at a cost reported to be nearly £1m.

Mr. Hugh Murphy, chairman of the private building and property group, said yesterday that the new owners intended to make the premises suitable for occupation in smaller units by industrial and other users. Work on conversion would begin in January after machinery sold in a recent auction of equipment has been moved out.

Since the U.S. parent company, Litton Industries, closed its Imperial Typewriter operations earlier this year, the lease on its other plant, at Hull, has also been offered on the market.

The Leicester office of the Employment Service Agency says of the city's unemployed about 1,500 are living in an area within two miles of the Imperial factories.

In August it was announced that Ladies Pride, a women's clothing manufacturer, had bought two of Imperial's Leicester plants, totalling 45,000 sq. ft.

ACL to charter two new ships

By James McDonald

ATLANTIC Container Line (ACL) has arranged to charter two new French roll-on, roll-off container ships while its four original vessels are being lengthened.

The two new ships, Rodin and Rostand, have been chartered for 16 months from Messageries Maritimes, with Rodin entering ACL service to-day and the Rostand in June next year. Both can carry 600 20-foot, equivalent unit (TEU) containers, 130 TEU RoRo cargo and 700 cars.

Earlier this year, ship lengthening contracts were arranged with German, Swedish and Japanese yards for the Atlantic Span, Atlantic Saga, Atlantic Song and Atlantic Star. Extra container capacity of about 400 TEUs per ship will be achieved between October this year and November next year.

ACL is an international consortium comprising Compagnie Generale Transatlantique; Cunard; Intercontinental Transport; Swedish American Line; Transatlantic Steamship Company; and Walleniusrederierna.

GOLDEN WONDER FOUR-DAY WEEK

Production at the Golden Wonder crisp factory, Corby, Northants, has been cut to a four-day week because of a fall in orders. Employees will carry out maintenance work on the fifth day.

COMPANY NEWS

Wigham Poland growth

Announcing taxable profit of £1.9m. for the 15 months to March 31, 1975, compared with £409,000 in the year 1973, Mr. J. M. Poland, chairman of Wigham Poland Holdings, reports that all major operating companies are actively seeking profitable areas for expansion, both organically and by acquisition.

For example the company is keen to take advantage of its association with The Thomson Organisation and contacts overseas to further its experience of the North Sea oil market and in the coming year "the prospects appear favourable."

Dividends for the 15 months total 70 per cent., against 28 per cent. in 1973, with a final of 40 per cent.

During the period the company expanded through a merger with Wigham-Richardson and Bevingtons, whose shares were acquired from Anglo-Continental Investment and Finance Company in exchange for shares and loan stock. The group's business is that of insurance brokers, shipbrokers, chartering agents, transportation, forwarding and underwriting agents.

The ultimate holding company is Generale Occidentale S.A. France.

Mr. Poland describes the 15-month period as one of integration, planning ahead and consolidation in the midst of an unsettled business climate with costs, particularly salaries, rising steeply. The coming year will see Wigham Poanld, formerly Wigham-Richardson and Bevingtons, "continuing to consolidate for the future."

	15 months 1974-75 £000	Year 1973 £000
Income	8,445	1,302
Operating profit	1,681	359
Share assoc.	219	50
Profit before tax	1,900	409
Tax	971	202
Profit after tax	929	207
Minority interests	4	1
Dividends	460	42
Retained forward	553	480

Two major divisions, Reinsurance and U.K. Non-Marine, are forecasting "steady expansion" but in shipping, a world-wide recession will ultimately have an adverse effect on P. Wigham-Richardson and, in turn, may depress the Marine insurance activities, he says. Also, the company cannot look for a cushioning effect from investment income as this will be considerably reduced due to lower rates and the financing requirements of the Barking development."

Demand at Stoneware improves

Although production of pipes and associated fittings of Stoneware is now running at a lower level than previously and the production of bricks has been stopped for the time being, there has been some uplift in demand since February 28, 1975, says the chairman, Mr. J. C. Faulkner.

But until the overall economic prospects of the country become clearer—and in turn the trend of the building industry—it is unrealistic to try and make any sensible forecast, he adds.

He reports that progress is continuing with the development or sale of residential land, and outline planning for a further area of industrial land has been obtained since last year. Detailed planning for the total increased area has reached an advanced stage.

The company is, however, maintaining a flexible approach to those activities in order to make the best use of financial resources, and overcome the problems of "everchanging legislation."

As reported on October 28 group pre-tax profit contracted from £317,208 to £83,065 in the year to February 28, 1975—a year in which the building industry was at a very low ebb.

However, the financial position is strong and interest and investment income helped over this lean period, says Mr. Faulkner.

The dividend is 7p (same) per share. Mr. G. R. F. Tompkins, a director, has waived his entitlement to the final of 6.3p on his holding which at October 13, 1975, had increased to 851,454 shares.

Meeting, Birmingham, November 21 at 11 a.m.

GLEN FUND

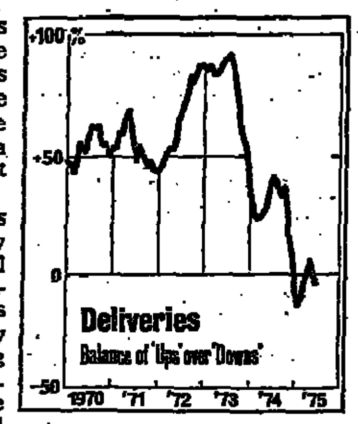
The interim distribution on distribution units of the Glen Fund, for the period April 15, 1975 to April 19, 1976 will be 0.70p net per unit (0.75p last year).

FT Monthly Survey of Business Opinion

GENERAL OUTLOOK

Confidence revives

ON BALANCE industry sees the present situation as no more depressing than four months ago: to that extent it can be said that business confidence has stabilised, perhaps with a tendency to show a very slight recovery.



The principal factor appears to be the view which industry is now taking of the general economic situation, where companies are making comparisons with the period immediately before the £6 a week ceiling was imposed on pay increases.

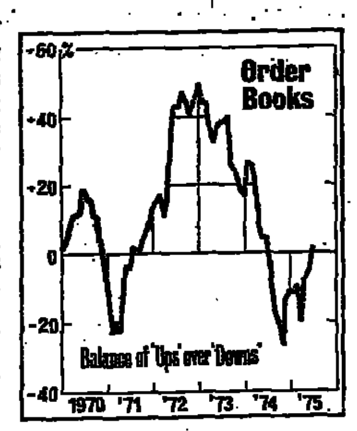
On their own corporate situation, the trend is still slightly downward: the general attitude seems to be typified by the remark "gloom as forecast." The recession is still clearly deepening and, although inflation expectations have been somewhat abated, a recovery in profitability is not foreseen. In the current situation planning can at best be made only a few months ahead.

Export expectations, hitherto the one bright spot in an otherwise very depressing situation, appear to have been scaled back in recent months. In engineering, de-stocking has been added to the decline in demand in most world markets. Chemical companies report increasing Japanese competition in EEC countries, which are always difficult markets.

ORDERS AND OUTPUT

Recession still deepening

THERE is still no sign of any slow down in the declining trend of new orders. Most firms in the three sectors covered last month said that orders were still falling and over half the all-industry sample, which covers the last four months' surveys, report the same trend. The worst-hit sector in the latest survey is chemicals and oils where the effects of the weather on fuel deliveries have been super-imposed upon the low levels of industrial demand. The decline in the car trade has affected demand for paints and pigments, orders for hospital supplies are said to be very unpredictable, but demand for agro-chemicals appear to be still buoyant.

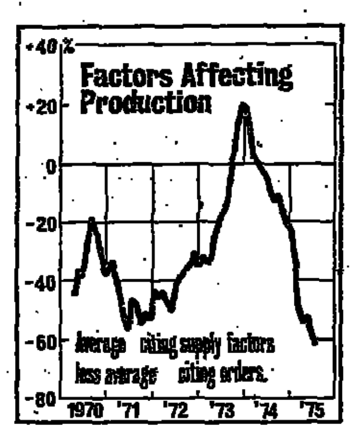


Looking further ahead, the trend of purchases of raw materials and other bought-in supplies is likely on balance to continue to be downward and production forecasts have again been scaled back. In all three sectors respondents emphasised the difficulty of predicting sales and output up to 12 months ahead at the present time: there were too many uncertainties in the current situation both here and abroad.

CAPACITY AND STOCKS

Orders are the constraint

THE DEPTH of the recession is indicated by the way in which shortages of home and export orders have become the single dominating factor determining output schedules. Supply constraints have all but disappeared, except for a few localised complaints about the availability of skilled factory staff. Labour disputes, within the same company or in supplier organisations, are also a continuing cause of difficulty.



On balance industry expects the volume of work in progress to remain about the same over the next 12 months — which is in line with current expectations about output/turnover over the same period. The same view is taken about materials and finished output stocks, although there is a slight tendancy ("downs" over "ups") to foresee a fall. This broadly corresponds with the balance of opinion about purchases of bought-in supplies over the coming four months. Expectations about capacity utilisation rates have been adjusted in line with the current situation, but many firms are still working below these planned levels, particularly in the three sectors covered last month.

CAPACITY WORKING

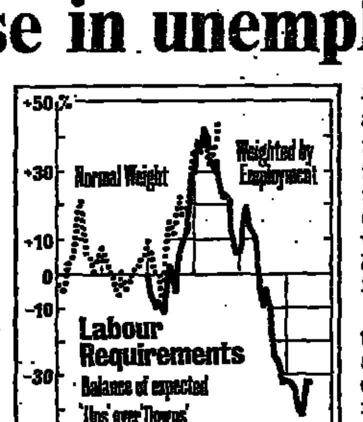
4 monthly moving total · October 1975

Those working at:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Above target capacity	8	8	16	9	—	—	15
Planned output	50	45	36	37	58	11	2
Below target capacity	38	47	48	54	42	60	83
No answer	4	—	—	—	—	29	—

INVESTMENT AND LABOUR

Further rise in unemployment

THE BEST that can be said about employment prospects at the present time is that the outlook is not deteriorating as rapidly as it was a few months ago. The balance of replies is still downward but no more so than previously and most firms hope to rely on natural wastage rather than redundancies.



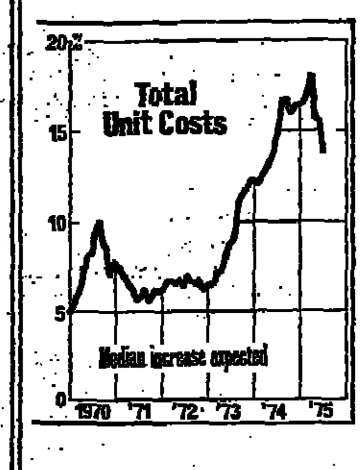
In the case of capital expenditure, on the other hand, expectations appear to have improved slightly, principally because of a more bullish outlook in oils and chemicals, where North Sea investment is a major factor, and in engineering. Indeed, the "ups" in the all-industry index now outweigh the "downs"—for the first time in just over a year. However, this series is based on forecast outturn prices rather than volume: in real terms the balance of spending intentions is still downward.

Relatively few firms expect to have to draw upon outside sources of finance to meet their capital needs during the next 12 months, and most think that their current liquidity level is now about right, although a few say that liquidity is still too low.

COSTS AND PROFIT MARGINS

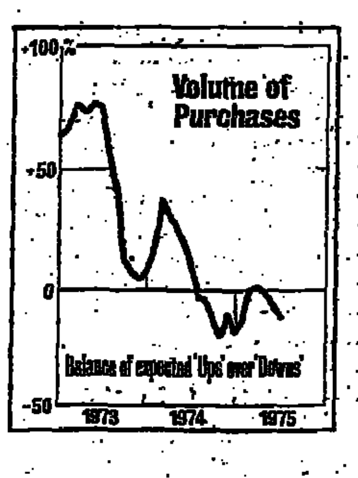
Inflation down to 15%

INFLATION expectations have eased a good deal since the Government brought in the £6 a week pay ceiling. The median forecast increase for wage costs over the next 12 months has come back to 13-14 per cent. while for total unit costs and output prices the median forecast increase is now in the 14-15 per cent. range.



What is particularly noticeable is the bunching of the forecasts for wage costs in the 10-14 per cent. bracket—particularly in last month's three sectors—which is a clear indication of the influence of the £6 limit. It is also noticeable, however, that few firms foresee increases of less than 10 per cent. and none foresee increases of less than 5 per cent., which reflects many firms' belief that the £6 limit will be treated as a minimum as well as a maximum. In Oils, respondents are—understandably—not able to forecast prices.

The outlook for profitability over the next 12 months appears to have stabilised with a slight balance of "downs" over "ups" both for margins and for earnings on capital.



These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives about their companies' situation and prospects.

Three industries and some 30 companies are covered in turn every month from a sample based upon the FT-Actuaries Index, which accounts for about 80 per cent. of the total turnover of all public industrial companies. The weighting is by market capitalisation, save where an alternative weighting is specifically mentioned.

The all-industry figures are four-monthly moving totals, covering some 120 companies in 11 industry groups (mechanical engineering is surveyed every second month).

GENERAL BUSINESS SITUATION

4 monthly moving total · October 1975

Are you more or less optimistic about your company's prospects than you were four months ago?	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
More optimistic	28	26	24	24	17	33	15
Neutral	35	35	35	36	71	37	79
Less optimistic	37	39	41	40	12	30	6

EXPORT PROSPECTS (Weighted by exports)

4 monthly moving total · October 1975

Over the next 12 months exports will be:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Higher	68	72	76	84	55	67	65
Same	12	12	10	8	23	3	35
Lower	14	13	11	8	22	12	—
Don't know	6	3	3	—	—	18	—

NEW ORDERS

4 monthly moving total · October 1975

The trend of new orders in the last four months is:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Up	26	29	30	25	4	7	15
Same	16	15	19	21	42	1	8
Down	54	53	42	37	54	92	77
No answer	4	3	9	17	—	—	—

PRODUCTION/SALES TURNOVER

4 monthly moving total · October 1975

Those expecting production/sales turnover in the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Rise over 20%	1	1	4	3	—	—	—
Rise 15-19%	1	7	8	8	13	1	—
Rise 10-14%	2	2	2	2	4	1	—
Rise 5-9%	15	12	16	26	29	35	—
About the same	56	60	56	46	46	7	38
Fall 5-9%	10	7	7	7	—	26	—
Fall over 10%	5	2	1	3	—	1	62
No comment	10	9	6	5	8	29	—

STOCKS

4 monthly moving total · October 1975

Raw materials and components over the next 12 months will:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Increase	17	19	17	15	37	4	15
Stay about the same	56	53	49	54	42	63	85
Decrease	24	25	31	29	21	33	—
No comment	3	3	3	2	—	—	—
Manufactured goods over the next 12 months will:							
Increase	17	18	15	9	—	4	15
Stay about the same	46	35	34	40	71	62	79
Decrease	25	30	34	36	8	32	—
No comment	12	17	17	15	21	2	6

FACTORS CURRENTLY AFFECTING PRODUCTION

4 monthly moving total · October 1975

	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Home orders	83	80	72	80	100	100	98
Export orders	52	50	46	47	100	70	92
Executive staff	1	2	5	4	—	—	—
Skilled factory staff	10	9	12	13	33	1	2
Manual Labour	4	6	6	6	—	—	—
Components	9	10	5	10	33	—	2
Raw materials	1	3	9	9	—	—	—
Production capacity (plant)	n	1	2	4	—	—	—
Finance	1	1	3	7	17	—	—
Others	4	1	1	n	—	—	62
Labour disputes	20	24	23	21	4	1	69
No answer/no factor	6	6	9	9	—	—	—

LABOUR REQUIREMENTS (Weighted by employment)

4 monthly moving total · October 1975

Those expecting their labour force over the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Increase	5	4	4	5	—	2	42
Stay about the same	58	60	50	50	89	53	45
Decrease	37	36	46	45	11	45	13

CAPITAL INVESTMENT (Weighted by capital expenditure)

4 monthly moving total · October 1975

Those expecting capital expenditure over the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Increase in volume)	31	20			45	86	52
Increase in value)			28	29			
but not in volume)	8	8			17	n	15
Stay about the same	25	32	27	27	8	—	22
Decrease	35	38	43	42	30	14	11
No comment	1	2	2	2	—	—	—

COSTS

4 monthly moving total · October 1975

	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Wages rise by:							
0-4%	—	—	—	—	—	—	—
5-9%	7	7	5	n	4	—	—
10-14%	49	39	30	17	84	64	94
15-19%	27	23	24	23	4	28	6
20-24%	6)				—	1	—
25-29%	n)	20	36	54	—	—	—
30%+	n)				—	—	—
Same	—	—	—	—	—	—	—
Decrease	—	—	—	—	—	—	—
No answer	11	11	5	6	8	7	—
Unit costs rise by:							
0-4%	n	n	n	—	—	—	—
5-9%	11	11	9	4	—	1	—
10-14%	27	18	23	13	42	32	83
15-19%	22	25	22	29	17	9	15
20-24%	10	14	23	32	33	1	—
25-29%	9	6	4	4	—	27	2
30%+	n	2	2	2	—	1	—
Same	1	1	1	1	—	—	—
Decrease	n	7	7	7	—	—	—
No answer	20	16	9	8	8	29	—

PROFIT MARGINS

4 monthly moving total · October 1975

Those expecting profit margins over the next 12 months to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Improve	24	24	15	16	42	1	—
Remain the same	34	37	44	51	4	69	—
Contract	37	38	36	29	50	4	100
No comment	5	1	5	4	4	26	—

CONSUMER CONFIDENCE

People feel worse off than last year

BY ELINOR GOODMAN

A GLOOMY picture of deteriorating confidence in future prospects and of a growing feeling that people are worse off now than a year ago is presented in the latest FT monthly survey of consumer confidence.

The decline in confidence was particularly marked among professional and managerial classes, where there was a larger balance of people pessimistic about the future than at any point since referendum on EEC membership. Paradoxically, there was still a larger proportion of ABC1 men feeling their incomes have kept up with inflation than manual workers.

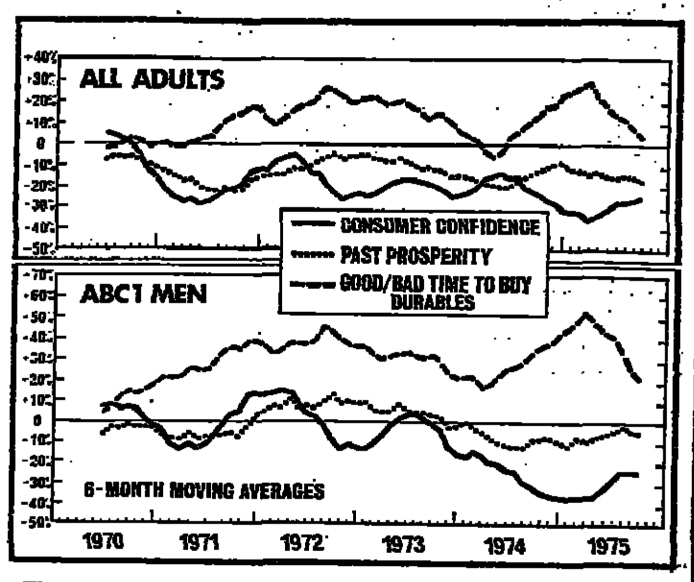
The figures, based on research in early October, show that pessimists outweighed optimists by 26 per cent. among all adults. For the first time since May the ABC1 men were more gloomy about the future than the rest of the population, with a balance of 33 per cent. expecting things to worsen rather than to improve.

In September, the pessimists outweighed the optimists by 22 per cent. among all adults while among ABC1 men, 19 per cent. more respondents thought the situation would get worse than those who expected it to improve.

In spite of this month's steep decline in future confidence among ABC1 men, the six month moving average figure for future confidence, on which the indices are based, have shown little change since last month. This reflects the recovery in confidence seen after the referendum and the introduction of the £6 limit in the summer.

The index for ABC1 men now stands at the same level as in September at −24.3 while the six-month index for all adults has shown a small recovery from −26.6 in September to −25 per cent. in October.

The major causes of pessimism were, as usual, "rising prices" spontaneously mentioned by 26 per cent. of the pessimists, followed by "unemployment" which was mentioned by 18 per cent. of the pessimists in October as against only 4 per cent. in July. The public's awareness of rising prices does, however, appear to have been blunted over the months. In October 1974, 36 per cent. of the Jeremiahs blamed their lack of confidence on fears of rising prices.



The consumer confidence line charts the percentage balance of respondents expecting conditions to improve in the next 12 months over those expecting them to worsen.

Past prosperity is the percentage balance of people saying that their families are better off than they were 12 months ago over the balance saying they are worse off.

The durable line charts the percentage of those surveyed who think the present moment is a good one for buying consumer durables over those who think it is a bad time to buy.

© Copyright BMRB Financial Times. Full survey from BMRB.

The balance of respondents among all adults now feeling worse off than a year ago stands at its highest level since May. The proportion of people feeling worse off outweighed those who felt their incomes had kept up with inflation by 20 per cent. in October as against 13 per cent. last month. Though ABC1 men still appear to feel less badly hit by inflation, those feeling worse off outweighed those feeling richer by 8 per cent. compared to only 3 per cent. in September.

The Index of past prosperity, based on the six-month moving average for all adults, now stands at −16.5 per cent., while the six-month index for ABC1 now stands at −4.8 per cent. The difference between these two indices indicates the relative immunity of the salaried classes to short time working.

Fears about inflation again contributed to a rise in the proportion of people thinking it a good time to buy consumer durables. ABC1 men were more enthusiastic about spending their money than blue collar workers. Twenty-six per cent. more ABC1 men said it was a good time to buy than those who said it was not, while among all adults those thinking a good time to buy outweighed the others by 8 per cent.

The six-month moving averages for "Time to Buy" are still on the decline, however, because of the lessening impact of the post-Budget spending spree. For all adults the index now stands at +2.8 per cent. while for ABC1 men it has fallen to 21.3 per cent.

The survey is produced for the Financial Times by the British Market Research Bureau, and is based on a nationally representative sample of 981 adults interviewed between October 2 and 8.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are usually for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—
FMC, Inn On The Park, W., 11.30.
Leisure and General, Backford Cross, Nr. Chester, 12.30

BOARD MEETINGS—
Finals: Beazer (C. H.), Brycourt Invs., Burgess Products, Low (Wm.), Palmerston Inv. Tst.
Interims: Central Province Ceylon Tea, Farm Feed, Feedex, Henshall (W.) (Addlestone).

DIVIDEND & INTEREST PAYMENTS—
Anglo-American Asphalt 1.2067p
Artagen Props. 0.75p
Assoc. Book Publishers 0.882p
Bate (Wm.) 1.05p. 5pcPf. 1.75pc. 7pc Pf. 2.45pc
Berry Wiggins 0.7p
British Empire Secs. and Gen. Tst. 0.36p
British Secs. and Gen. Tst. 0.36p
British Vending Inds. 0.418275p
Cartwright (R.) 1p
Continental Illinois 58cts.
Family Inv. Tst. 1.15p
Gibbons Dudley 0.8125p
Harrison and Sons 6pcPf. 2.1pc
Home Charm 1.05p
Imperial Group 1.75p
Jessel Toynbee 0.875p
Land Investors 1.26p
Leigh Mills 0.9384375p
London and St. Lawrence Inv. 0.221p
Maple Macowards 6½pcPf. 2.275pc
Marshall (Thomas) (Loxley) Ord and A Non-Vtg.Ord. 1p
Mentmore Manufacturing 0.604805p
Neill (James) 2p
North British Canadian Inv. 4p
Pentland Inds. 0.175p
Rank Org. Ord. and A Non-Vtg. 2.1875p
Tomatin Distillers 0.81p
Trans-Oceanic Tst. 5pcPf. 1.75pc
Wadkin 1.875p
West Bromwich 7pcRed. 1976 3½pc
Wilson Bros. 0.5p
Yorkshire Chemicals 1.95p

TO-MORROW

COMPANY MEETINGS—
Gallenkamp (A.), Winchester House, E.C., 11.30

BOARD MEETINGS—
Finals: Cedar Inv. Tst., Silverthorne Scottish National Trust, Unochrome Intnl.
Interims: Averys, Birmingham Mint, De La Rue, Electrocomponents, Mallinson (Wm.) and Denny Mott, More O'Ferrall, Ocean Wilsons, Peerage of Birmingham, Polymark Intnl., Weeks Associates.

DIVIDEND & INTEREST PAYMENTS—
Belfast 6½pcRed. 1977-80 3¼pc
Gibbons (Stanley) Intnl. 1.2p
Loraine Gold Mines 3.364747p
Schroders 3p

WEDNESDAY, NOVEMBER 5

COMPANY MEETINGS—
Baraoora Tea, 52, Osnaburgh Street, 4
Galliford Brindley, Coventry, 12.30
Hartley Baird, Winchester House, E.C., 2.30
Peters Stores, Wallsend, Newcastle upon Tyne, 12
Throgmorton Secured Growth Trust, 25, Milk Street, E.C., 12.30

BOARD MEETINGS—
Finals: Birmid Qualcast, Jessups, London and Prov. Shop Centres, Safeguard Ind. Invs., Second Broadmount Trust.
Interims: Alliance Inv., Andersons Rubber, Baird (Wm.), Capper-Neill, Cater Ryder, Eva Inds., Goldring, Readicut Intnl., Whitbread.

DIVIDEND & INTEREST PAYMENTS—
Aberdeen 6¾pcBds. Red. 5.5.76 3⅜pc. 12¼pcBds. Red. 5/11/75 £6.5846
Beaconsfield 12¼pcBds. Red. 5/11/75 £6.5846
Berwick Timpo 5½pcPf. 1.925pc
Blythe 12¼pcBds. Red. 5.11.75 £6.5846
Bowater Corp. 2.5p
Brighton 12¼pcBds. Red 5/11/75 £6.5846
Burnley 12¼pcBds. Red. 5/11/75 £6.5846
Cheltenham 12¼pcBds. Red. 5/11/75 £6.5846
Copeland 12¼pcBds. Red. 5/11/75 £6.5846
Coronation Syndicate 10cts.
Cowbridge 6¾pcBds. Red 5.5.76 3⅜pc
Glasgow 12¼pcBds. Red. 5.11.75 £6.3846
Lhw. 12¼pcBds. Red. 5.11/75 £6.5846
Milton Keynes 12¼pcBds. Red. 5.11/75 £6.5846
Nairn Williamson 2p
New Forest 12¼pcBds. Red. 5/11/75 £6.5846
Rhymney 12¼pcBds. Red. 5/11/75 £6.5846
Ricardo Eng. (1927) 3.4425p
Rochdale 12¼pcBds. Red 5/11/75 £6.5846
Sefton 12¼pcBds. Red. 5/11/75 £6.5846
Shrewsbury and Atcham 12¼pcBds. Red. 5.11.75 £6.5846
S.E. Scotland Water Brd 12¼pcBds Red 5/11/75 £6.5846
S. Glamorgan 12¼pcBds. Red 5.11.75 £6.5846
S. Kesteven 12¼pcBds. Red 5/11/75 £6.5846
Southwark 12¼pcBds. Red 5/11/75 £6.5846
Staffordshire 12¼pcBds Red 5/11/75 £6.5846
Tweefontein Utd. Collieries 20cts
Wolverhampton 12¼pcBds. Red. 5.11/75 £6.5846
Wyre Forest 12¼pcBds Red. 5.11.75 £6.5846

THURSDAY, NOVEMBER 6

COMPANY MEETINGS—
Anglo-Continental Investment and Finance, 65, Leadenhall Street, E.C., 11
Bromsgrove Casting and Machining, Bromsgrove, Worcestershire, 12
Burns Anderson, Manchester, 12
Campari, Abercorn Rooms, E.C., 11.30
Cantors, Sheffield, 12
Dalgety, 10, Upper Grosvenor Street, W., 12
Empress Services, Kettering, 12
Kamunting Tin Dredging, 55, Moorgate, E.C., 12
London Merchant Securities, Winchester House, E.C., 12
Maidenhead Investments, 65, Leadenhall Street, E.C., 10
Parker Knoll, High Wycombe, 12
St. Swithin's, Maidenhead, 12.15
West of England Trust, Bristol, 12

BOARD MEETINGS—
Finals: Dart (M.Y.), Martonair Intnl., Mitchell Cotts Transport, Sanderson Murray and Elder, Sungei Bahru Rubber, Wemyss Inv., Wood Hall Tst.
Interims: Airflow Streamlines, Ambrose Inv. Tst., Fortnum and Mason, Gieves, Guardian Inv. Tst., Save and Prosper Linked Inv. Tst., Sungei Besi Mines, Usher-Walker.

DIVIDEND & INTEREST PAYMENTS—
Anglo American Corpn. of S.A. 8cts.
Arndale Prop. Tst. Ln. Stk. 3¼pc
Assoc. British Foods Db. Stk. 3¼pc
Bracken Mines 12.28635p
British Petroleum 6.25p
British Vita 1.7p
Brixton Estate Db. Stk. 3¼pc
Brooke Bond Liebig Ln. Stk. 3½pc
Burton Group Ln. Stk 3¼pc
Cadbury Schweppes Ln. Stk. 4¼pc
Carpets Intnl. Db. Stk. 3¼pc Ln. Stk. 3¾pc
Chelmsford 6¾pcBds. Red 27.4.77 3⅜pc
Chigwell 7⅛pcBds. Red. 3.11.76 3⁹⁄₁₆pc
Courtaulds 6pcPf 1.95pc Ln. Stks. 3¼ and 3¾pc
Delta Metal Db. Stk 5½pc
Dickinson Robinson Grp. 1.75p
Distillers Ln. Stk. 3¼pc
Eleco Db. Stk. 3¼pc
Empress Services 0.17p
Free State Geduld Mines 160cts.
Free State Saaiplaas Gold Mines 6cts.
Grangemouth 6¾pcBds. Red. 4.5.77 3⅜pc
Howard Machinery 0.95p
Kinross Mines 13.40329p
Lichfield 6¾pcBds. Red. 4.5/77 3⅜pc
MTE Ln. Stk. 3¼pc
Meat Trade Suppliers 7.15p
Metal Box Ln Stk. 5¼pc
Oceana Cons. 0.875p
President Brand Gold Mining 125cts.
President Steyn Gold Mining 65cts.
Sizewell European Inv Tst 1.4p
Stirling 6¾pcBds. Red 27.4.77 3⅜pc
Stroud 6¾pcBds Red. 27.4.77 3⅜pc
TCK Group 2.6p
Throgmorton Secured Growth Tst. 1.2625p
Tilling (Thos.) Ln. Stk. 4¼pc
Trade Indemnity 2.5p
Walker (Thos.) 0.498745p
Watmoughs 0.72p
Welkom Gold Mining 25cts.
Western Hldgs. 250cts.
Whitbread Ln. Stk. 3¾pc (95-99)
Zetters 0.946p

FRIDAY, NOVEMBER 7

COMPANY MEETINGS—
Adwest, Dorchester Hotel, W., 12
Williams Hudson, Winchester House, E.C., 11.30

BOARD MEETINGS—
Finals: British Debt Services, Fourth City and Comm. Inv. Tst., Wolseley-Hughes.
Interims: Overstone Invs., Silhouette (London).

DIVIDEND & INTEREST PAYMENTS—
Armstrong Equipment 1.0876p
Assoc. Portland Cement Mfrs. Db. Stk. 5¼pc
BBA Db. Stk 5pc
Bellair Cosmetics 1.09p
Brent Chems. Intnl. 0.75p
British Leyland Motor Corpn. Ln. Stk. 3¼pc
British Titan Ln. Stk. 5¼pc
Brixton Estate 1.1175p
Burns-Anderson 0.86743p
Burroughs Corpn. 15cts.
Campari 0.34469p
Cantors Ord. and ANon-Vtg. 1.063p
Chambers and Fargus 0.245p
Cowie (T.) Ln. Stk. 5pc
Dudley 12¼pcBds. Red 12.5.76 6¼pc
EMI Ln. Stks. 2¾, 3½, 3¾, 4¼pc
Econa Ln. Stk. 3¼pc
Elbar Industrial 1.8p
Finlay Packaging 0.45p
Fodens Db Stk. 4¼pc
Gardner (L.) 2p
Henderson-Kenton 0.3p
Huntleigh 0.95p
Kent (G.B.) 5pcPtg.Pf. 2.6pc
Kleinwort Benson Lonsdale 1.45p
Law Land 1p
Leisure and Gen. 0.7265p
Leslie Gold Mines 10cts.
MIM Hldgs 4.234p
McBride (Robt.) (Middleton) 1.941p
Modern Engineers of Bristol 0.7646p
News Intnl. 3.4375p
Parker Knoll Ord and ANon-Vtg 1.905p
Provincial Laundries (temp. susp. 11.11.74) 0.16p
Refuge Assurance AOrd. 2.8p. BOrd. 1.4p
Rotork 0.44p
St. Helena Gold Mines 58.6394p
Shell Transport and Trading Ord. (Reg.) 5.004p. Ord (Br.) 6.004p
South British Ins. SNZ7.5cts.
Transport Dev. 0.9375p
Uttley (Wm.) 0.3125p
Waterford Glass 0.45p
West of England Tst. 0.6387p
Winkelhaak Mines 25.13117p

SATURDAY, NOVEMBER 8

DIVIDEND & INTEREST PAYMENTS—
Arbroath 12¼pcBds. Red. 12.5.76 6⅛pc
Armadale 12¼pcBds. Red 12.5.76 6⅛pc
Birmingham 12¼pcBds. Red 12.5.76 6⅛pc
Calderdale 12¼pcBds. Red. 12.5.76 6⅛pc
Canterbury 12¼pcBds. Red 12.5.76 6⅛pc
Darlington 12¼pcBds. Red. 12.5.76 6⅛pc
Dover 12¼pcBds Red. 12.5.76 6⅛pc
East Staffordshire 12¼pcBds. Red. 12.5.76 6⅛pc
Gloucestershire 12¼pcBds Red. 12.5/76 6⅛pc
Hereford 12¼pcBds. Red. 12.5.76 6⅛pc
Lambeth 12¼pcBds. Red. 12.5.76 6⅛pc
Luton 12¼pcBds. Red 12.5.76 6⅛pc
Manchester 12¼pcBds. Red 12.5/76
Northumberland 7pcRed Stk. 1978-80 3½pc
Nottingham Gas Anns. £1.625
Perth 12¼pcBds. Red. 12.5.76 6⅛pc
Redditch 12¼pcBds. Red. 12.5.76 6⅛pc
Restormel 12¼pcBds Red 12.5.76 6⅛pc
South Bedfordshire 12¼pcBds. Red. 12.5.76 6⅛pc
Stroud 12¼pcBds Red 12.5.76 6⅛pc
Swale 12¼pcBds. Red. 12.5.76 6⅛pc
Tonbridge and Malling 12¼pcBds. Red 12.5.76 6⅛pc
Torbay 12¼pcBds. Red. 12.5.76 6⅛pc
Vale Royal 12¼pcBds. Red. 12.5.76 6⅛pc
Warwickshire 6¾pcBds. Red. 1977 3⅜pc. 12¼pcBds. Red 12.5.76 6⅛pc
West Lothian 12¼pcBds Red. 12.5.76 6⅛pc
Williams Hudson 0.1p
Wilmot Breeden Db. Stk. 3¼pc

SUNDAY, NOVEMBER 9

DIVIDEND & INTEREST PAYMENTS—
Southwark 6¾pcRed.Stk. 1983-86 3⅜pc

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

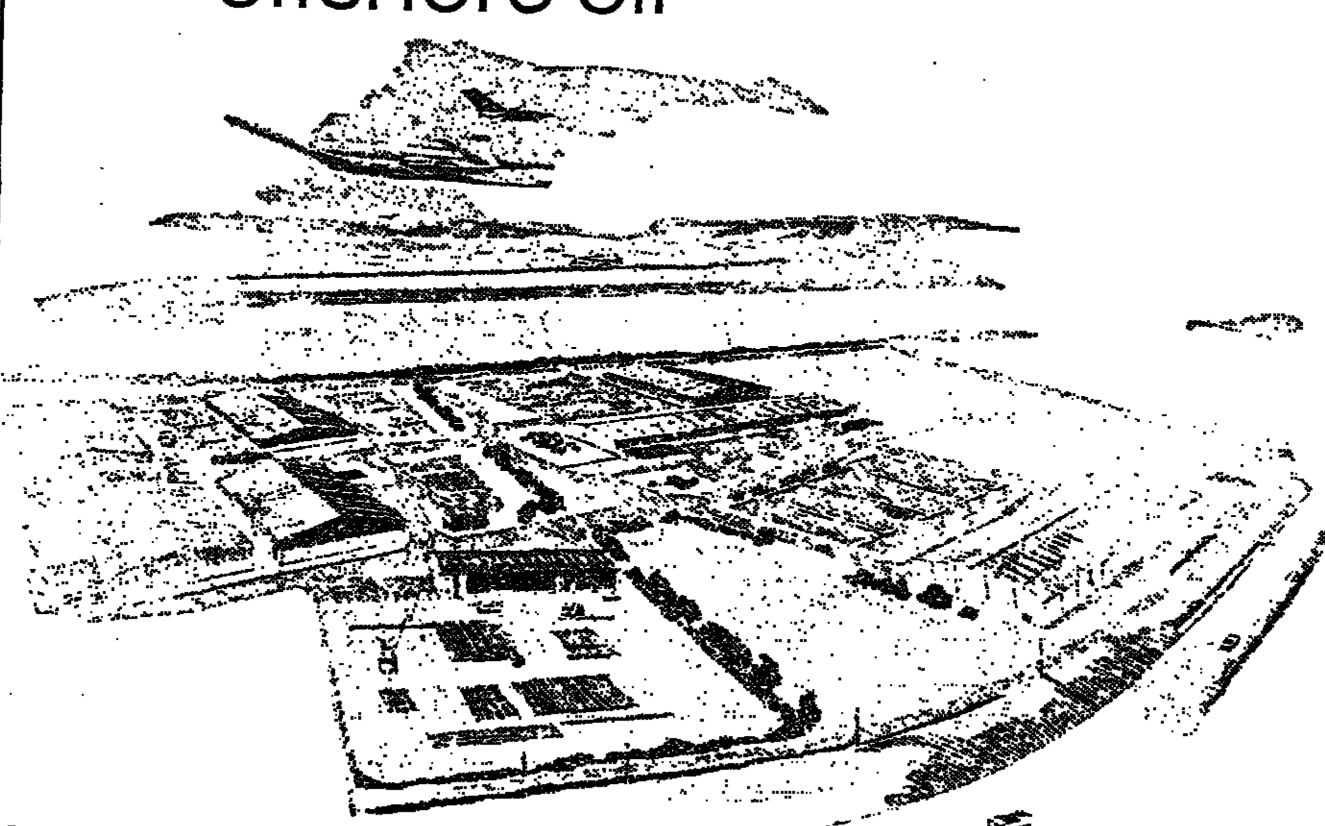
Date	Title	Venue
Current	Domestic and Contract Textiles Exbn. (cl. Nov. 6)	Harrogate Exbn. Centre
Current	Indian Cycles and Components (cl. Nov. 21)	28 Cork Street, W.1
Current	Env. Design at St. Katharine-by-Tower (cl. Jan. 3)	Design Centre, S.W.1
Nov. 4—7	Italian Furnishing Fabrics Exbn.	20 Savile Row, W.1.
Nov. 4—5	Fabrics from France Exhibition	Europa Hotel, W.1
Nov. 4—7	Careers for '76 Exhibition	Queen's Hall, Leeds
Nov. 4—8	Bristol Antiques Fair	Victoria Rooms
Nov. 6—16	International Caravan and Camping Show	Earls Court
Nov. 7—15	Scottish Motor Show	Kelvin Hall, Glasgow
Nov. 10—14	Printing Equip. and Graphic Arts Exbn.	U.S. Trade Centre, W.1
Nov. 10—14	Automated Production Exhibition	Belle Vue, Manchester
Nov. 10—14	Electrical Engineering Exhibition	Belle Vue, Manchester
Nov. 11—13	Sheffield Antiques Fair	Cutlers Hall
Nov. 11—22	Home Improvements and Leisuretime Exbn.	City Hall, Manchester
Nov. 12—21	Intnl. Building and Construction Exbn.	Olympia
Nov. 14—15	British Boot and Shoe Inst. Exhibition	Harrogate Exbn. Centre
Nov. 23—26	Camping Trades Exhibition	Exbn. Centre, Harrogate
Nov. 23—27	Wholesale Buyers' Gift Fair	Mount Royal Hotel, W.1.
Nov. 25—30	International Ski Show	Royal Hortic. Halls, S.W.
Nov. 25—27	Energy Recovery Equip. and Techniques	U.S. Trade Centre, W.1
Dec. 1—5	Royal Smithfield Show	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Basle Autumn Fair (cl. Nov. 9)	Basle
Current	Do-It-Yourself Exhibition (cl. Nov. 11)	Paris
Current	Intnl. Agriculture, Water and Food Fair (cl. Nov. 5)	Tehran
Nov. 8—16	British Engineering and Tech. Exbn.	Hong Kong
Nov. 8—16	Intnl. Photo, Cinema and Optical Exbn.	Paris
Nov. 11—14	Educational Equipment Exhibition	Munich
Nov. 11—15	British Export Hand Tools Exbn.	Tokyo
Nov. 11—15	Intnl. Maritime Exhibition—EUROPORT	Amsterdam
Nov. 20—30	International Building Exhibition	Paris
Nov. 22—Dec. 4 .	Hong Kong Diamond Fortnight	Hong Kong
Dec. 1—4	Chemical Industries Exhibition	New York

BUSINESS AND MANAGEMENT CONFERENCES

To-day	Urwick Man. Marketing Management (cl. Nov. 24)	Slough, Bucks.
Nov. 4	IPC Bus Trng.: Resource Management To-day	Royal Lancaster Hotel, W.2
Nov. 4—7	Institute of Housing Managers	Metropole Hall, Brighton
Nov. 4—7	Imperial Coll. of Science: Mgmt. Techniques	Exhibition Road, S.W.7
Nov. 5	Legal Studies—Oyez: County Court Litigation	Royal Lancaster Hotel, W.2
Nov. 5—6	Financial Times and Institute of Chartered Accountants in England and Wales: Inflation Accounting—Implications of the Sandilands Report	London Hilton, W.1
Nov. 6	Inst. of Directors Annual Convention: Leadership	Royal Albert Hall, S.W.7
Nov. 9—14	BIM: Mgmt. of Physical Distribution	Cranfield
Nov. 10	CBMPE: North Sea 1976 Conference	Café Royal, W.1
Nov. 10	NFU/CLA: Taxation and Agriculture	Kenilworth, Warwicks.
Nov. 11—12	Bus. Ind. Trng.: How to make Waste Pay	Café Royal, W.1
Nov. 11—12	Financial Times and the Banker: Offshore Financial Centres	Nassau
Nov. 12	Inbucon/AIC: Relocation or Dislocation	Financial Times Cinema
Nov. 12	Pallet '76: Materials Handling	May Fair Hotel, W.1
Nov. 12—15	Strategic Man.: Integrated Marketing Seminar	Royal Bath, Bournemouth
Nov. 17	Inbucon/AIC: Health and Safety at Work Act	Financial Times Cinema
Nov. 17—18	Graham & Trotman: Winning Bus. in Arab Markets	London
Nov. 17—19	Man. Trng. Cons.: Senior Managers in Action	Leicester
Nov. 17—21	P-E Cons. Group: Leadership in Management	Egham, Surrey
Nov. 18	Arabian Markg. Research: Selling to Arabia	Cutlers Hall, Sheffield
Nov. 18	Henley Centre: U.K. Economy and Stock Market	Carlton Tower Hotel, W.
Nov. 18—20	Management Science: Financial Models	Bradford University
Nov. 18	NEDO: Strengthening Clothing Industry	Excelsior Hotel, Heathrow
Nov. 19	Assn. Certified Accnts.: Current Taxation	Café Royal, W.1
Nov. 19—21	Frank Jefkins: Planning PR Campaigns	Connaught Rooms, W.C.2
Nov. 21	Chem. Recovery Assn.: Cost and Waste Recovery	Post House Hotel, Manchester
Nov. 24—Dec. 5 .	Harry Mitchell: Work Measurement	3, High Road, Nottingham
Nov. 25—28	Computer Power: Operations Supervision	Cannock, Staffs.
Nov. 26	Staniland Hall: Replacement Cost Accounting	London Hilton, W.1
Nov. 26—27	Rudi Weisweiller: Industrial Planning	Portman Hotel, W.1
Nov. 30—Dec. 5 .	Bradford University: Industrial Marketing	Emm Lane, Bradford
Dec. 1—2	Financial Times, Berlingske Tidende, Helsingin Sanomat, Norwegian Journal of Commerce and Shipping and Svenska Dagbladet: The Private Sector in To-morrow's Economy	Copenhagen
Dec. 3—4	Financial Times: Third World Insurance Conference	Royal Lancaster Hotel, W.2
Dec. 3—5	BACIE Nat. Conf.: Trends in Training	Grand Hotel, Eastbourne
Dec. 4—5	Financial Times: Aviation in Asia	Hong Kong



FINANCIAL TIMES REPORT

Monday November 3 1975

FORTIES FIELD

The first substantial build-up of oil from the U.K. sector of the North Sea starts to-day when the Queen officially opens BP's Forties Field and oil begins to flow into the refinery at Grangemouth

The high promise of new wealth

THIS HAS BEEN a half-decade of almost unparalleled change both within the industry and within the U.K., starting with the rash of great oil-discoveries in the early seventies—of which *the Forties Field still remains* one of the most important—and continuing through times of political doubt and intervention, rapidly escalating costs, a maturing of the exploration phase to a steadier rate, the grappling with the development problems *associated with the* deep water and harsh conditions of the North Sea and, now finally, the beginnings of the production build-up itself.

They have been years of almost constant debate as well as activity as British industry has jostled with varying degrees of success for a place in the expanding market for off-shore goods and services; as politicians have attempted to balance out *the conflicting* nationalistic, fiscal and social pressures that always come with oil discoveries; as companies of varied background and experience have tried to come to terms with the problems of production and as a society ill-adjusted to rapid and novel demands on its skills *and resources* has attempted to cope with one of the largest and most ambitious economic *developments to occur within* its boundaries since the war.

Criticisms of the performance of industry, oil companies and Government alike, have *been profuse. They have often* been well-founded. Officials and politicians were slow to see the fiscal and social implications of North Sea oil. But they have proved just as slow and confused in their efforts to rectify past mistakes and build a *more secure* framework for the future. Oil companies were quick to see the opportunities in the North Sea but, in their haste for rapid development, have all too often failed to appreciate the problems of manpower, planning and *preparation that this* entailed, preferring frequently to ignore their own responsibility for the strains which divers deaths and innumerable small accidents have illustrated.

British industry has been, on the whole, extraordinarily slow to see the prospects for new markets in off-shore development and has been all to frequently held back by an unwillingness to risk money or *invest in advance of orders.* In Scotland and in England, the development of oil has tended again and again to show up the *weaknesses of society—its slow*ness to repond to change, the lack of mobility of labour, the difficulties in planning permission, the provincialism of local authorities and the lack of confidence and skills among politicians—rather than its strengths.

Effort

But the last five years have above all been the time not of hindsight and commentators but of the "doers"—the exploration *managers that kept the effort* going even when the weight of geological opinion was against them; the constructors and manufacturers who did make the investment and work with the development from early on; the oil company project *managers who saw the vast* and complex logistical effort of production programmes; the helicopter pilots, supply boat captains and the men who actually did the work.

With the final coming-on-stream of the Forties Field, much of the development has come to look inevitable, even predictable. This was not how it seemed at the time, at any rate from the outside. Perhaps *the oil industry should have* recognised early on that the North Sea was a major oil province of worldwide importance and perhaps the interests of *the* companies themselves did tend to make them over-cautious *in their public statement.*

But at the time that the Forties Field was discovered in 1970 there were still few who believed that this was so, let *alone that fields of the size of* Forties would be found. It may be that, once Forties was discovered, the oil and supply industries, as well as Government, should have immediately recognised the importance and scale of the enterprise and reacted accordingly. But at the time that the Forties Field was declared commercial in 1971, *there was still little to suggest* that prices in the world market would rocket as they did three years *later* or, indeed, that costs of off-shore development would increase almost in tandem.

It is possible in retrospect to *argue that the technology used* in the Forties Field and many other fields to date has not so much been new technology as the scaling up of traditional systems developed in the Gulf of Mexico over a generation and that oil companies and industry *should have foreseen the prob*lems much earlier. But it has been the scaling up of technology, in the nuclear field, in the petrochemical field and elsewhere, that has always provided the real problems of engineering, just as it has been *the problems of scale which* have always presented the greatest challenge to management.

Bigness has been from the beginning the hallmark of the North Sea—the largest marine *structures ever built have been* built for North Sea platforms; the largest diameter, deepest water *pipeline* has been laid off the coasts of Britain; some of the largest single project loans for private enterprise have been raised for North Sea fields.

But it is a bigness that has been the result of innumerable small and crucial decisions—the painstaking negotiations for loans, the operation of a pipe-laying barge in which everything has to go just right, the *changes in design of the plat*forms as they are built and the installation of the structures in the unpredictable conditions of the North Sea.

It is for this as much as for what they can now do for the country that the Forties Feld and the other major field developments around it in the North Sea at Brent, at Ekofisk, at Montrose and elsewhere should be recognised for the *real achievements* they are. Certainly they have illustrated many of the problems surrounding North Sea development—the delays which have made the Forties Field a year late into production, the escalation in cost which has doubled its investment from a predicted £350m. in 1972 to a predicted £750m. to-day and the politicking which has come to surround its taxation, participa*tion and control.*

But the really dominating feature of the development is that British Petroleum made the *decision so early to go for a* full-scale development including pipelines and four mammoth production structures and that to-day, five years after the field's first discovery, the pipeline and associated on-shore facilities should be there and operational, that oil should be flowing and that all four structures should be in place.

Tribute

And it is a tribute not only to BP, which from the beginning did its best to encourage British suppliers, but also to the British companies concerned that all four platforms were built in Britain, that the second two were completed ahead of schedule and that some 60 per cent. of the overall contracts have gone to U.K. companies.

Yet it is the nature of all developments, and particularly one as rapidly moving and with such long lead-times as oil exploration and development that the present should appear passé and that the future should appear current. For the country as for the industry, the importance of the Forties Field is that it marks the first fruits of the labours of the last five years.

Forties alone, when it builds up to peak production in 1977, will deliver some 400,000 barrels a day of high-quality oil, or some 20 per cent. of U.K. internal demand at the time, and will bring balance of payments savings of the order of £800m. a year. By next year it will be joined by the first production from the Beryl, Montrose, Brent and Piper Fields. By the end of 1977, with good fortune, the major Brent pipeline to the Shetlands should be in *operation tying in production* from a number of fields in the area including Thistle and Cormorant and production should be reaching some 40 per cent. of U.K. demand. By the end of 1978, output from the U.K. will jump to well over 1m. barrels a day and by the end of 1979 the magic figure of 2m. barrels per day, or net self-sufficiency, *should be reached.*

Set against the country's overall borrowing requirement in foreign currency, its historic low economic growth rate and its continued problems with the non-oil deficit on the balance of payments, it may not be possible any longer to treat this programme as the panacea for the country's woes that politicians have occasionally treated it as. But set against the difficulties that the country would face without North Sea oil, the importance of off-shore oil could hardly be overestimated.

Nor should its benefits to Scottish employment and economic growth, to Britain's *tax revenues and to the* country's freedom of economic and social manoeuvre be ignored. The expenditure involved in developing the Forties and other fields has already done much to influence regional performance to-day and it can be expected to do much to affect although not revolutionise national performance in the coming years.

For all the problems, the fact remains that by 1980 Britain will be the only country in Europe with overall self-sufficiency in energy and the fact remains that the North Sea represents a major new natural resource for a country badly in *need of it.*

North Sea oil is only now beginning to come to maturity. It will be the next five years which see it bringing practical and apparent benefit to the nation just as it will be the next five years that see companies and the Government decide on the moves which will take it on into the next decade, to continued self-sufficiency, further growth or gradual decline. And it will be the next five years which will witness the really new technology of sub-sea production, buoyant platforms, deep-water transport begin to emerge.

As the Queen turns the tap on Forties Field oil to-day, it is time to look on the future with a degree of optimism that could never have been there without that oil. And it is also time to look back and, however *trite it may sound, to applaud* the efforts of those who made it possible during years when others looked on and doubted.

Adrian Hamilton

First in many areas

THE DISCOVERY and development of BP's Forties Field off Aberdeen is one of the seminal events of the history of the North Sea. Of that there can be little doubt. The first major oil find off-shore of the U.K., it was also the first find that proved not only that oil did exist in the British sector of the North Sea but that it lay in large enough quantities to justify expensive development in deep water.

The first discovery to be made by a British company, it was drilled by a British-owned and British-built semi-submersible, Sea Quest. BP's first orders for two major production platforms virtually created a British steel platform construction industry at Highland Fabricator's green-field site at Nigg Bay and Laing/ETPM's yard at Graythorp near Teesside, while the company's contracts for a whole range of other items including modules, electrical equipment and development well drilling helped to get other British companies to gain their first foothold in not only the North Sea market but also the broader worldwide offshore field.

In political terms, too, it was BP's Forties discovery that helped to arouse Government concern about the tax offset problems of the Middle East, the potential profits that might be made out of the North Sea and the need for tougher action to prevent offshore profits being set against other aspects of the international oil companies' business, just as its overall financing package for the field helped to create a whole new banking interest in this area.

Yet this future and the changes that the Forties would bring was not always obvious from the start. Despite BP's reputation for uncanny success as an exploration company, there were several senior geologists and executives in it who doubted the potential of the North Sea from the start and who were firmly convinced that oil, on the basis of experience in onshore geology in the U.K. and in Europe, would never be found in sufficient quantities to make much impact offshore in the U.K.

Like other companies, BP's first enthusiasm was for the gas prospects in the southern sector of the North Sea following on from the major onshore discovery of the Groningen gas field by Shell and Esso in Holland and the establishment of a number of small gas fields on the eastern coast of England. Although the company did take out licences further north during the second round of allocations in 1965, including the Forties Field block 21/10, and although it was specially favoured by the British discretionary licensing system with its emphasis on giving the best blocks to companies with experience and an established position, it was still with great doubts that it started drilling in the North Sea.

Incentive

The doubts about the North Sea were only intensified when the industry began to move to the north in the waters off the Scottish and Norwegian coasts in the late 60s. By that time the peak of gas exploration had been passed, leaving a somewhat sour taste among the companies involved which felt that the price being paid for the gas left them little incentive to search further.

Little in the drilling either in the southern sector of the North Sea or in the early wells in northern waters suggested that the conditions were right for any major oil accumulations. The price of oil on the world markets was falling and the finances of the major oil companies were under heavy pressure as the independents with access to cheaper Libyan oil moved into the market. BP, like other companies, began to re-assess its investments in the North Sea and it was at this time that, according to some of the people involved, there was some feeling in the company that it should ease its burdens by farming out, or taking partners, in such blocks at 21/10.

In the event it did not happen, partly because of the continued faith among the geologists most directly concerned and partly because signs of oil at last began to appear in wells drilled by others. The Ekofisk discovery of 1969 by the Phillips group off Norway was the major signal, of course. But it was found in a Danian chalk horizon of more relevance to the Danish and Norwegian sectors than to the U.K. Soon after, however, the Amoco group found oil in Tertiary sands on block 22/18 in the U.K. sector—ironically with BP's Sea Quest rig—and the signs brightened. A year later British Petroleum drilled its first, and highly successful, well on block 21/10 to the north-west, completed and tested in December 1970.

The discovery completely changed the scene. Although further wells were obviously required to assess the extent of reserves, the structure was known to be a large one covering some 35 square miles. The well had tested oil at extremely promising flow rates of around 4,700 barrels per day and had encountered a thick oil zone of several hundred feet which, if it extended throughout the structure, suggested a major field by world standards. Clearly BP was on to a huge find that would justify development and the heavy expenditure required to put production platforms in deeper water and rougher weather than had ever been attempted by the oil industry.

Even then, however—and with the successful completion of a series of delineation wells in the following year—the company faced options. The high productivity of the wells, the thickness of producing sands the relative simplicity of the structure suggested that production could be carried out from a number of giant platforms drilling a pattern of deviated wells.

But a central question was still posed by the distribution problem. On the one hand, the company could produce by tankers—a method already established in South-East Asia and the Gulf of Mexico. This would give BP an earlier cash flow and enable it to build up production more gradually. But in the weather conditions of the North Sea and the depths involved, it would entail storage facilities. it would have a limited production capacity and it would suffer long periods during the winter when loading was impossible.

The alternative would be to lay a pipeline to the coast. This was likely to delay the time of start-up, involve greater "front end" loading burdens on the company's finance and would involve BP in laying the longest, deep-water, large-diameter pipeline ever attempted by the industry. But considering the size of the field and its potential production, it would bring greater long-term benefits in a more rapid build-up to full production, as well as being safer.

It was the latter solution which the company eventually chose and which it has proceeded with ever since. Delineation drilling in 1971 confirmed the field as a "giant" with more than 4bn. barrels of oil in place and a recoverable reserve of between 1.5 and 2bn. (the field is now officially categorised as having 1.8bn.).

By the end of that year the company was able to announce a £300m. programme involving the installation of four major platforms on the field (of steel design, partly because of the soft seabed conditions), a submarine pipeline to Cruden Bay near Peterhead with a further on-shore line to take the oil down to the company's refinery at Grangemouth and a full range of on-shore facilities.

On the whole, these early decisions have been justified by experience since. Like other companies, BP almost certainly underestimated the actual problems of scale and weather involved in the North Sea. The construction of the first two platforms required the creation of two entirely new businesses in Scotland and England and the strains of this, of labour problems and of the effort to refine the design during construction meant that both were a year late.

Like other companies, BP underestimated too the difficulties of laying pipe and installing platform equipment off-shore in the North Sea. Laying of the subsea line, intended to take a single season, in fact slipped well over into the next year. Piling and installation of the modules on the first two platforms was delayed by several months and it was only the expenditure of large sums in keeping a fleet of barges and vessels throughout the winter of 1974-75 which enabled the company to keep its production schedule even within a year's delay.

Concession

Partly as a result, cost estimates soared, more than doubling to around £750m. within the space of a few years and it was only a dramatic improvement in the company's overall finances during last year which saved it from having to negotiate further loans over and above the £370m. loan package so carefully and painstakingly negotiated in 1972. Original hopes within the company that profits could be set off against overall corporate losses—real and unreal—were finally squashed by the Public Accounts Committee Report of 1973 and it was only the quintupling of world oil prices coupled with substantial concession in the Government's Petroleum Revenue Tax proposals which prevented the project from turning sour.

Yet these problems were overcome. The pipeline was laid and largely buried by the end of 1970. The first two platforms were put into position by the end of 1974 and drilling from the first one commenced in June of this year just as the second two platforms were completed, ahead of schedule. By September of this year the first oil was being produced and was starting to fill the lines and the company was able to go ahead with plans for the official investiture of the field.

Work on the field has still some way to go, although it is bound to be something of an anti-climax from now on. Drilling from the second platform, Highland I, is due to commence over this winter and with luck the modules on the second pair of platforms should be sufficiently advanced to start drilling from them in early spring and autumn of next year. If this goes well, full production should have been reached by mid-1977 to provide the country with some 20 per cent. of its fuel needs, to provide BP with its first real profit on the field a year later and to provide the nation as a whole with a desperately needed new resource and a new hope for the future.

Adrian Hamilton

The Scottish impact

AS THE first major U.K. oilfield in the North Sea, BP's Forties project, on which development work began almost four years ago, was not only a vast offshore baptism for the company: it was also the enterprise on which Scottish industry cut its teeth. It is therefore interesting to look back at some of the assessments BP were making in the early days. These were, after all, the estimates on which manufacturers, service operators, finance houses and public authorities were largely weaned—though many of them look distinctly unreal now for reasons which have only become plain with the benefit of hindsight.

The crucial estimates in determining the impact of the development on the local economy were those relating to expenditure and employment. The company's evaluation in December 1971 was of a first stage Forties development costing about £160m., plus some £15m. for development drilling. This would achieve roughly 50 per cent. of the production flow from the field by late 1975. Total costs for the full development, to peak production of about 20m. tons a year, it was thought then, would probably reach towards £250m. Two months later this global figure was revised to around £300m. and later still to £360m. in what then became the largest fund-raising syndication ever.

Platforms

Again, it was at first forecast that direct employment by BP and its contractors would probably reach a peak of about 6,500 during 1973 and that the completed first phase would require a small permanent staff of perhaps 300. In the event, with gruelling intervening inflation, the entire Forties development is now estimated to cost some £745m., including development drilling, of which about £590m. in capital expenditure has been committed so far. The direct employment generated by the company and its contractors throughout the U.K. is estimated at upwards of 10,000 rising to 15-20,000 if the "spin off" into ancillary activities is taken into account. The permanent staff crewing the four production platforms will be about 1,200-1,500 with several hundred more manning supply boats, communications systems, treatment plant and tanker berths. The bulk of this employment has been and will be located in Scotland.

The point of recalling these discrepancies is not to promote some gratuitous criticism, but to illustrate the genuine uncertainty of the territory into which BP and its caravan were then moving, and the fast-changing climate into which they were pressing. If, for instance, the scale of finance required for this single development was even four years ago unprecedented in international markets, then you can be sure that the effect which news of it had on the Scottish industrial community was, initially at least, positively hypnotic.

Despite the substantial tradition of involvement (and indeed, one-time leadership) which Scotland, particularly West Scotland, had in the gutsy marine and heavy engineering industries, the business horizons of much of the region's industry have often been set a good deal lower than those which were beckoning from the North Sea. The largest single industrial projects which had by then touched the experience of many companies had probably come in £30m.-£50m. dollops, for items such as power stations, steelworks or smelters. There was, at the outset at least, a genuine difficulty of perception.

Indeed, in the early stages during which the Forties Field was opening up the unfolding North Sea market, it seemed that many of those industrial managers who did not actually disbelieve what was afoot were inclined to imagine that the thing was just too big for them to handle. And often this will have been a realistic conclusion. Some, who investigated more deeeply, were discouraged (sometimes had to be discouraged) by a reluctantly-honest appraisal of their own limitations, whether these concerned production capacity, technical skill, financial stability or management competence.

But others soldiered on. The director of the Forties project, BP's Mr. Matt Linning, now recalls the psychological change that took place. "In the early days of 1972 people were wandering into my office asking me what they should do," he says. "Now they are coming in to tell me what they are going to do. The whole atmosphere has altered since the first days when a lot of folk were simply floundering around."

That the climate has changed is itself a substantial tribute to BP's tenacity. From the outset an extraordinary amount of management effort of its 150-man Forties task force was devoted to exhaustive explanatory work with environmentalists and landowners—wayleaves had to be negotiated through some 300 separate parcels of land for the 140-mile pipeline from Cruden Bay on the Aberdeenshire coast, to Grangemouth on the Firth of Forth—and to extensive missionary work with industry and commerce.

If anything, the company now probably feels that the net it cast to encourage local industrial participation was too wide. It certainly created huge administrative problems. BP's first trawl for likely builders of deck modules for its production platforms, for instance, produced a list of some 43 companies, all of which had to be assessed. Similarly, approaches were made to 50-75 companies to identify suitable fabricators of such items as platform structure nodes, leg sections and pile guides.

The actual fall-out in Scotland from all this organisation and "educational" work has been considerable. It is not possible, of course, to calculate the precise proportion of the 500-odd Scottish-based companies now engaged in oil-related manufacturing and service work, which actually owe their presence in the offshore markets to the spark provided by Forties. But the list would include some seminal projects.

Welding school

The giant among them is the Nigg dry dock created in Easter Ross by Highland Fabricators (a partnership of Brown and Root and George Wimpey), at a cost of some £25m. That yard, which has delivered two of the four Forties platform jackets, is now again building up its labour force from about 1,600 to 2,600 as it tackled its third contract, for the Ninian oilfield. The initial phases of its development were substantially funded by BP and the oil company also met the bill for the training of some 1,800 men at the Highland Fabricators welding school. The Nigg yard was the first of two located in the Moray Firth area and has been instrumental in transforming the economic prospects of the Eastern Highlands which, until then, had virtually no pool of skilled engineering labour.

On the Firth of Clyde, the Forties project was the moving force behind the establishment of the Foster Wheeler-John Brown deck module fabrication yard at Dunbarton. This has since developed as the largest of Scotland's specialist module yards, although it was planned originally simply to handle the BP contract.

Other diverse Scottish concerns were quickly drawn into the business through that initial oilfield project. These included manufacturers of such items as pumps, switchgear, turbines, communications equipment, generators and instrumentation. On the service side, local companies won business, like supply fleet operators (working out of Aberdeen and Dundee, between which BP had divided its administrative and offshore operations) and marine and consulting engineers became engaged in designing and constructing the Forth tanker terminal and gas treatment plants at the company's Grangemouth refinery, which both mark the end point in Scotland of the oil's 250-mile journey from Forties.

Chris Baur
Scottish Correspondent

FORTIES FIELD III

Surmounting the equipment problem

I OPENED the small packet containing the Perspex BP paperweight with its encapsulated sample of "North Sea Oil 1975" with a certain *nostalgia*. This thin treacly-black liquid has cost enormous sums of money and a *not inconsiderable* loss of life and limb. By far the greatest cost in developing the Forties field was incurred in the construction and installation of the four steel production platforms and the subsea pipeline *that* runs *110* miles from the field to Cruden Bay—about £515m. out of an estimated expen*diture of £745m. for the* complete project.

When the commercial potential of the Forties Field was realised by BP in 1970 the company was faced with a decision about the kind of production system that would be viable. Traditionally, offshore fields had been developed using steel *towers that supported all the* facilities for drilling, the separation of oil, gas and water, flaring, communications and accommodation. Concrete towers had been designed, but never built or used for oil production in such a depth as the northern North Sea, and subsea completion systems were seen as an imaginative solution for the far-distant future.

Injection

It is now a matter of record that BP opted to use four steel towers in the Forties Field. The towers now *stand in* about 400 *feet of water and must be able* to survive storm conditions that beggar description. The produc*tion schedule calls for a number* of wells to be drilled, deviating from each tower to give the *best possible drainage from* the field: 27 wells from each of the first two platforms to be installed (Graythorp I and Highland I), and 26 from the second two (Graythorp II and Highland II). Six or seven of the wells from each platform will be used for water injection, the rest for oil production.

The total weight of the decks and equipment supported by the towers is about 18,000 tonnes. This loading, together with the massive forces exerted on the structures by waves, winds and tides, required exacting design and fabrication criteria. The towers are a complex lattice of *welded steel tubes and "nodal"* joints, with *four* main legs pile-driven *dozens of feet into the* sea bed.

Installation of the towers was *a precise manoeuvre calling for* a combination of engineering skills, seamanship and good weather, and it speaks volumes for the teams that accomplished installation that each tower was set down within a few yards of its designated position in such depths.

Installation of the various deck modules was no *less* exacting, requiring even calmer sea states. Major items of *equipment were prefabricated* into modules onshore. These modules, weighing up to 1,750 tons, were welded to a cargo barge and shipped to the designated platform.

During installation the cargo barge with the module is positioned between the tower and a heavy duty crane barge. *The module is* cut free and lifted by the crane to allow the cargo barge to move away. The crane barge is then winched *towards* the tower and the module lowered into place.

Each part of this intricate operation is planned in great detail. In the exercise five-inch diameter steel cable slings were supplied by British Ropes to give a safety factor between 2.5 and 3 for the heaviest lift. BP engineer Harry Bourne described how a combination of lifting experience and good weather *cut* the installation time dramatically for the second platform.

"We *took from October to* March to lift the eight main packages on to Graythorp I," he said. "But with summer weather conditions coupled with what we had learned from the first operation, we completed a similar job for Highland I between June 29 and July 27 with lifts taking only about six hours each from start to finish."

With a large crane barge (BP are using the Dutch-operated "Thor," costing £1m. to £1.5m. a month to hire), such time savings are significant, to say the least.

Development of offshore oil and gas fields has two methods for getting the product to shore—tanker delivery and subsea pipeline. The Forties Field uses a two-stage pipeline, the first part of which runs subsea from the field to Cruden Bay, *the second running overland* from Cruden Bay to the *refinery at Grangemouth.*

BP's latest estimate for the completed subsea pipeline is £115m. for its 110-mile length. That is £594 a yard, a staggerng sum of which the cost of the *steel pipe itself is only a small* fraction. It includes the considerable cost of coating to give the pipeline "negative buoyancy" and protection against damage from dragging anchors and fishing trawls, together with the *huge* daily costs paid to the contracters who operate the fleets of supply boats and *tugs*, the *lay barge and* the retrenching barge.

The lay barge is a complex vessel that inches itself *along* the predetermined pipeline route while welders couple sections of the pipe together, the welded pipeline dropping to the sea bed over a supporting pontoon or "stinger" as the barge moves forward.

Once this operation has been successfully completed, the trenching or "bury" barge moves along the pipeline as it lies on the seabed, scooping a *trench in which the pipeline* lies for added protection. Depending on the state of the seabed, *several* passes may be necessary to give the pipeline a covering of more than a few feet.

It requires little imagination to understand what a complex procedure this is, but even BP underestimated the shattering effect of that bogyman of subsea pipe layers: the wet buckle. This is a rupture in the welded section of pipe, usually resulting from a kink during laying and sometimes from the failure of a piece of equipment such as a valve.

Wet buckle

Ron Watkins, BP's manager of pipelines and terminals, explains how the cost for such an incident can escalate to frightening levels: "When we calculated the possible cost of a wet buckle we thought we could fix one in about three weeks. But shortly after we started the operation, a valve that hadn't been tested properly failed. The line *ruptured and flooded with* water, sand and other material being swept several miles into *the pipe.*

"This incident took about *three months to* repair and cost us about £2m. Another time, one of our contractors dragged *anchors in a storm* and did millions of pounds of damage to the pipe trying to recover anchors worth just a few thousand pounds."

The Forties pipeline is one of the deepest large-diameter subsea projects yet undertaken by the oil industry. The 36-inch diameter pipe can deal with a production rate up to 300,000 b/d from the Forties and was installed only after about £1m. *had been spent on development* work with the contractor (Saipem) in the Mediterranean.

Ron Watkins succinctly summed up the lessons learnt in this project by saying that anything to do with North Sea offshore work has to be planned onshore meticulously, down to the last nut and bolt. "The cost of even a simple mistake at 400 feet is too great," he said with feeling.

With the above figures in mind we can only agree with him. But even these enormous extra operating costs would pale into insignificance if it transpired that BP had opted for the wrong kind of production system in the first place. Company engineers pooh-pooh the possibility of a catastrophic collapse of the Forties towers, but the structural record of smaller towers in, say, the West Sole gas field is not encouraging, particularly in view of the paucity of accurate data on weather, wave heights and hydrodynamic forces.

Whatever the virtues and *failings of giant steel towers*, the four Forties platforms and the associated pipeline have provided British industry with a large and attractive market for goods and services of all kinds. Harry Bourne singled out the Acrow company Adamson and Hatchett (manufacturers of boiler and turbine equipment pressure vessels, heat exchangers and other similar equipment) as having pulled out all the stops to regear to the North Sea oil industry. The company has obtained orders totalling over £2½m. for oil platform legs and tubulor sections and claims to have *delivered every completed* order on time.

John Wilson

Onshore facilities

THE OFFSHORE programme to find and produce oil from the Forties Field has inevitably attracted the spotlight—rightly so in view of the working conditions and the technology involved—but the establishment of land *facilities* has also been an ambitious and costly business, attracting some £50m. to *£60m. of investment.*

Indeed, what happens to the oil once it is landed at Cruden Bay serves to indicate the importance of North Sea oil and gas to British industry as well as the country's balance of payments. For the first time British interests are able to pump crude from their own fields to refineries and on to power stations, petrochemical plants and the petrol pumps.

The first land link in the chain is the 36-inch diameter pipeline which stretches 127 miles across Scotland from Cruden Bay to the BP refinery at Grangemouth. The route runs to the west of Aberdeen, south to Strathmore, on to Perth, where the line crosses the River Tay to the east of the city, over the Ochil hills, across the Forth and then west to Grangemouth.

BP says that the route was carefully *chosen* to avoid, as far as possible, mining areas (because of the threat of subsidence) and areas of particular ecological importance. Permission for the £15m. operation was obtained from some *300* owners or occupiers of land. Although there were five statu*tory objections to the proposals*, these were withdrawn after further negotiations.

Conventional pipelining techniques were used although the Tay and Forth crossings posed a few special problems. Here the work was carried out at times of the year which ensured that salmon and other river life were not adversely affected.

Recent activities of the Tartan Army, which has sabotaged *control equipment on this pipe*line, has served to illustrate not only the dangers of disrupted operations but also the possibility of leaks occurring. Apart from alarm systems, based on line pressures and volumes, isolating valves have been installed every ten miles and at each river crossing as precautionary measures. In addition contingency plans have been set up to ensure the immediate shut-down and bleed*ing* of the line.

The landline ends at the Kerse of Kinneil, near the Grangemouth refinery where a new £10m. gas separation plant has been built. Gas taken from the separators will feed a gas treatment plant which will recover propane and butane liquids as well as "pentane plus" condensate and dry gas *steam.*

From a flow rate of 400,000 barrels a day of oil, the company *expects to extract about* 230,000 tons a year of dry gas, 430,000 tons per annum of propane, 280,000 tons a year of butane and some 100,000 tons a year of condensate.

Gas deals

It was learned in August that BP has agreed to sell both the residual gas associated with the Forties field and its share of the Frigg Field's gas to the British Gas Corporation. Details of the deals have not been disclosed; indeed, most of the associated gas in the Forties Field will be used by BP at the field itself and at its Grangemouth refinery. Nevertheless, it is thought that at peak production the company *will have* some 10m. to 15m. cubic feet a day of surplus gas and it is this *that* BP has *agreed to sell to* the Gas Corporation over a limited number of years at an *undisclosed price.*

Booster pumps will split the crude into two streams at Grangemouth, one feeding the refinery at an average of 100,000 barrels a day in phase one of the operation, and the balance to a new £15m. marine terminal and storage facility in the vicinity of the Forth road and rail bridges.

As the maximum production rate of the Field will be well in excess of 400,000 barrels a day, it is possible that 300,000 barrels a day and more may pass through this new terminal.

From the Kerse of Kinneil the crude will travel through a 30-inch pipeline to the onshore storage terminal at Dalmeny, three miles inland from the Forth. From there it will be pumped, via a 48-inch submarine line, to a sea island *berth off Hound Point*, about a mile east of the Forth rail bridge.

Here, in a water depth *of* some 80 feet, tankers of between 50,000 and 300,000 dwt. will be loaded at a rate of up to 15,000 tons an hour. In a Middle East-type operation the crude will then be shipped out to export markets or to other *U.K.* refineries.

A proportion of the crude piped into the 10m. tons a year *Grangemouth refinery will* eventually end up as naphtha, a raw material for the chemical *industry. The refinery is already* linked to BP Chemicals' adjoining production complex and now, with assured supplies of feedstock, the whole integrated operation becomes an even more attractive proposition.

Established in 1951, the petrochemicals complex has emerged as one of the largest in Europe, covering some 205 acres of the 380 acres available. Drawing feedstock from the refinery, the complex produces a *wide range* of materials used in the chemicals, plastics, synthetic rubbers and fibres industries.

The total capacity of the site is over 1m. tonnes a year although the current depression in the chemical industry means that the actual production levels are well below this at present. Nevertheless it is clear that BP Chemicals sees Grangemouth as the centre of major expansion in the future.

BP Chemicals is currently spending £68m. on developing the Scottish site including £18m. on a new plant to produce 54,000 tonnes a year of high density polyethylene—a project announced a matter of weeks ago.

The company would have liked to have developed at a faster rate but it has been held *up by cash flow constraints* and the depressed market for chemicals.

In spite of the present recessionary problems, the chemicals arm of BP has made *little secret of the future plans* for Grangemouth oil-cum-chemicals operation. The company *was at pains to tell* a gathering of European journalists recently that the large amount of land still available for development and the good port facilities to handle exports gave Grangemouth "the greatest petrochemicals potential in Europe." The potential has been further enhanced thanks to the arrival of North Sea oil for fuel and feedstock.

Ray Dafter

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

US $ ... Prices exclude inv. $ premium

AMERICANS

S.E. List Premium ...% (based on $2.0775 per £)

CANADIANS

S.E. List Premium ...% (based on $2.1140 per £)
Conversion factor 0.6125 (0.6101)

††BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
Feb.	Aug.	AldermanSec 10p..	21	21.4	ϕ0.67	ϕ	4.9	ϕ
Aug.	Mar.	Alexanders D. £1.	220	14.7	‡11.66	—	8.2	—
—		Algemene Fl.100.	£96	12.8	Qh20%	1.8	3.7	14.9
Oct.	June	Allen Harvey £1..	320	8.9	†13.5	—	6.5	—
Dec.	June	Allied Irish	132	19.5	Q25%	—	4.8	—
April		Angle Contnl	52	5.73	—	—	—	20.9
Jan.	July	Arbuthnot L. £1..	175	30.6	7.61	—	6.9	—
July	Jan.	Aust. & N.Z. £1...	390	26	†19.09	—	3.6	—
F.My.Ag.Nv.		BankAmer $3 125	£32¼	29.7	Q$1.48	—	0.0	—
April		Bk. Hapoalim I£1	32¼	14	Q10%	—	2.0	—
July	Jan.	Bk. Ireland £1	340	19.5	Qb16%	—	4.8	—
Mar.	Sept.	Do. 10pc Cv.91-96.	£142	11.8	Q10%	—	7.1	—
Sept.	April	Bk. Leumi AI£1..	22	30.4	Q16%	—	5.2	—
Aug.	Feb.	Bk. Leumi (UK)£1	220	11.8	7.25	—	5.1	—
June	Dec.	Bk. N.S.W. $A2....	620	2.6	Q38c	—	2.6	—
Oct.	May	Bank Scotland £1.	270	6.10	†8.31	3.5	4.7	9.2
Ap.Jy.O.Ja.		Bankers N.Y.$10..	23	23.9	Q$3.00	—	0.3	—
Aug.	Apr.	Barclays £1.......	298	11.8	†8.29	4.2	4.3	8.6
Dec.	July	Bates (Edward)...	39	6.74	—	—	(8.2)	—
Jan.	June	Brown, Sh.(C.T.)£...	72xd	20.10	†2.11	2.2	4.5	15.2
Dec.	Apr.	Brown Shipley £1	180	26	6.94	—	5.9	—
Jan.	July	Cater Ryder £1...	235	19.5	14.40	—	9.4	—
Mar.	Oct.	Cedar Hldgs. 20p.	13¢	10.73	‡1.4	1.5	‡	—
—		Clive Dis'nt 20p...	59	—	3.0	—	7.8	—
Feb.	Sept.	Com'l Aus. ($A1).	245	22.9	Q14%	—	3.3	—
May		Com'bk DM100...	£12¼	19.5	Q17%	—	2.5	—
March		Chgn Hbk Kr100	£23	7.3	Q11%	—	3.8	—
Jan.	May	Corinthian 10p....	7	5.74	—	—	—	—
June		Cred. France F75	£32	—	Q9.7%	—	2.5	—
May		Dawes (G. R.).....	66xd	20.10	5.25	2.9	12.2	4.4

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS & CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

††INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Trusts, Finance, Land, etc.

[illegible]

TRUSTS—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Aug.	Feb.	Durban Deep R1	400	30.6	‡Q[illegible]c	ϕ	‡
Aug.	Feb.	E. Rand Prp. R1	630	30.6	‡Q115c	ϕ	‡
—		Rand Leases 2½c	28	6.58	—	—	—
—	—	Rand'tn Est. R2	£20	12.70	—	—	—
Aug.	Feb.	West Rand R1	162	16.6	‡Q40c	1.3	‡

EASTERN RAND

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
May	Nov.	Bracken R1	215	22.9	Q52c	ϕ	13.4
February		Daggafontein 50c	10	17.2	—	—	—
Aug.	Feb.	East Dag R1	40	12.74	‡Q25c	ϕ	‡
Aug.	Feb.	Grnt. Areas 5c	160#	6.10	—	—	—
Aug.	Feb.	Grootvlei 30c	150	30.6	‡Q32c	1.1	‡
May	Nov.	Kinross R1	445	22.9	Q54c	ϕ	6.7
May	Nov.	Leslie 70c	74	7.8	Q19c	ϕ	13.4
Aug.	Feb.	Marievale 70c	215	30.6	‡Q34c	1.1	‡
Aug.	Feb.	S. African Ld. 35c	270	30.6	‡Q35c	1.2	‡
Aug.	Feb.	Vlakfontein R1	112	30.6	Q25c	1.3	27.4
May	Nov.	Winkelhaak R1	815	22.9	Q106	ϕ	7.3
Sept.		Wit. Nigel 25c	48	6.74	—	—	1.4

FAR WEST RAND

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
Feb.	Aug.	Blyvoor 25c	670	30.6	Q100c	1.3	8.2
Feb.	Aug.	Buffels R1	£15¾	16.6	Q180c	1.4	6.5
—	—	Deelkraal R0.20	252	—	—	—	—
Feb.	Aug.	Doornfontein R1	810	30.6	Q110c	1.4	7.5
Aug.	Feb.	East Drie R1	955	30.6	Q65c	ϕ	3.8
Feb.	Aug.	Elsburg R1	230	30.6	Q45½c	—	10.9
Feb.	Aug.	Hartebeest R1	£18¾	30.6	Q215c	1.4	6.5
Feb.	Aug.	Kloof Gold R1	820	30.6	Q55c	1.4	3.7
Feb.	Aug.	Libanon R1	730	30.6	Q110c	1.9	8.3
—	—	Southvaal 50c	820	12.74	Q9c	8.9	0.6
Aug.	Feb.	Stilfontein 50c	245	16.6	‡Q65c	1.3	‡
Aug.	Feb.	Vaal Reefs 50c	£23½	30.6	‡Q220c	1.7	‡
Feb.	Aug.	Venterspost R1	365	30.6	Q70c	1.9	10.6
Feb.	Aug.	W. Drie R1	£40¼	30.6	Q485c	1.2	6.7
Jan.	Aug.	W'st'rn Areas R1	335	30.6	†Q70c	1.4	11.5
Feb.	Aug.	Western Deep R2	£28	30.6	‡Q160c	1.4	‡

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

Apr.	Oct.	Tronoh	56	8.9	†4.02	3.5	11.0

COPPER

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		Botswana RST P2	58	—	—	—	—
June	Dec.	Messina R0.50	278	2.6	†Q35c	2.9	7.0

MISCELLANEOUS

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		Burma Mine 17½p	8	19.5	m0.5	—	3.7
—		Charterhall 5p	41	3.67	—	—	—
—		Colby Mines $1	66	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c	720	30.6	‡Q130c	2.2	‡
—	—	Laurasia	37½	—	—	—	—
July		Northgate C$1	230	27.3	Q65c	1.0	13.5
Jan.	June	R.T.Z.	171	21.4	g5.51	4.4	5.0
—		Sabina Inds. C$1	85	—	—	—	—
—		Stanford Mines 11	45	—	—	—	—
—		Tara Explo. $1	£10½	—	—	—	—
—	—	Yukon Cons C$1	54	11.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ‡ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♀ Regional price.
- ¶ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 25

FINANCIAL TIMES

Monday November 3 1975

Ekofisk blast cuts back oil deliveries

BY RAY DAFTER

AS BRITISH Petroleum prepares for the inauguration of its important Forties Field operations to-day the Phillips group is trying to find out what caused the week-end explosion on an Ekofisk Field production platform.

The two fields, each with a pipeline to U.K. terminals, are among the biggest in the North Sea. Phillips started pumping from the Ekofisk Field to the £120m. Teesside terminal just under a fortnight ago.

The blast, which killed three, and injured three others, has put out of action the Alpha platform, one of three on the Norwegian field.

Output

Consequently, supplies from the field which were initially running at 300,000 barrels a day, *have been cut back.*

Nine of the 24 wells which are producing on Ekofisk come from Alpha. A Phillips spokesman in London said it was hoped to maintain a flow of around 250,000 barrels a day by stepping up output from the other two platforms.

Most of the Ekofisk oil is shipped back to Norway, although some is fed into the joint ICI-Phillips refinery on Tees-side. ICI said yesterday it did not anticipate any supply problems.

A team of engineers from Stavanger, Norway, carried out a preliminary investigation of the fire-damaged platform yesterday. It is likely that further teams of experts will be flown to the structure this week in order to ascertain the cause of the explosion.

Phillips said last night that the preliminary investigation had shown the seat of the trouble to be a 10-inch feeder pipe which had fractured near the water line. Damage to the platform structure itself was not serious; similarly the drilling and production equipment and the electric generation system had not been seriously damaged.

It was expected that production from Alpha would be initiated at a fairly early date. A spokesman said that sabotage had been ruled out as a cause of the explosion.

The spokesman added that the platform, built as part of a £1.4bn. production programme, was not a write-off. The damage was less severe than at first thought.

Whereas Ekofisk is essentially a Norwegian find, Forties is British. Within the next two years or so it could be producing at the rate of 400,000 barrels a day, equivalent to nearly a quarter of Britain's current consumption.

The opening of the production system—from the field to BP's refinery and export terminal—marks a turning point in the development of the North Sea oil and gas and a significant milestone in the country's energy policy.

The Queen will push the button which sets the whole integrated production process in action; the Prime Minister and Sir Eric Drake, retiring chairman of BP will make short speeches; and they will be accompanied by a number of Cabinet Miinsters and a host of dignitaries.

Pressure

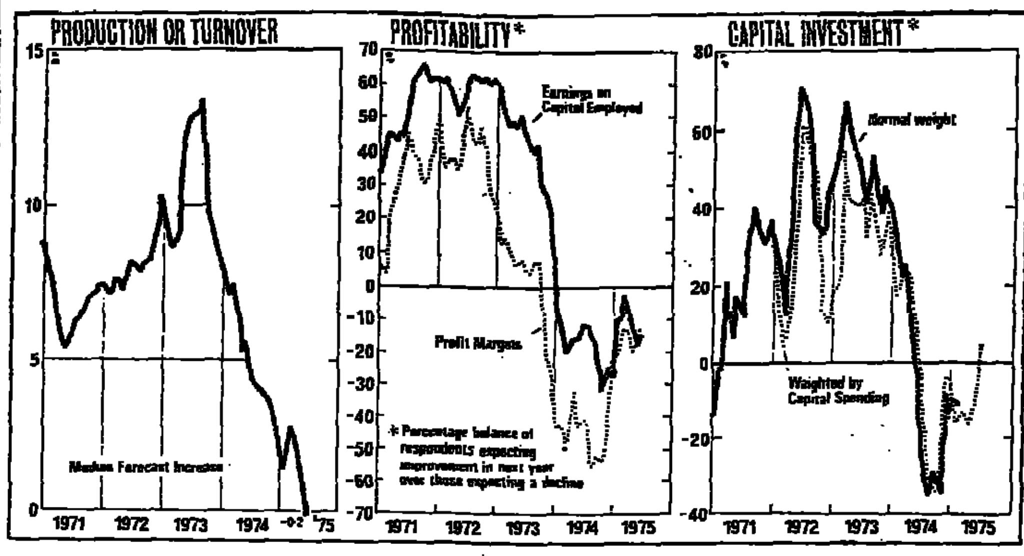
There are signs that it will not be too long, perhaps a matter of a few weeks, before one North Sea exploration company will agree to State participation in its activities. The agreement in principle may well be signed by the end of the month.

A number of companies, including BP, Burmah, Tricentrol and Deminex are known to have been discussing participation arrangements with the Government in recent months. Gulf Oil is also said to have been having meetings with the negotiating team.

On the other hand, major oil companies which have been resisting participation most vehemently have not come under undue pressure to negotiate in recent months.

This may be the result of the time the Government is having to spend on pushing its Petroleum and Submarine Pipelines Bill through Parliament in the face of considerable pressure from the Opposition.

FT Monthly Survey of Business Opinion



Wage costs expected to fall to 13-14%

INDUSTRY'S expectations about wage inflation have eased back noticeably since the £6 a week ceiling was imposed on pay increases.

But, because most companies believe that £6 will be regarded as both a minimum and a maximum payment, few expect to see inflation coming down to single figures in the next 12 months.

The median forecast increase for wage costs is now 13-14 per cent. and for total unit costs and output prices 14-15 per cent.

This emerges from the latest Financial Times monthly survey of business opinion, which last month covered firms in engineering, chemicals and oils, and in shipping transport and tourism.

Hopes that inflation will abate at least to this extent have had a stabilising influence on business confidence, however. Now that an attempt has been made to exert some control, it is felt that the general economic situation is no longer deteriorating as rapidly.

But on their own corporate prospects, businessmen remain as "gloomy as forecast." All the signs show that the recession is still deepening. Export prospects, hitherto the one bright factor, have been set back by the world recession. And a recovery in profitability is not foreseen as yet, either in terms of margins or in relation to total capital employed.

Planning horizons in the present uncertain situation tend to be only a few months ahead.

The median period, according to replies to a question directed specifically at this aspect in the last four surveys, is about four months.

A discouraging outlook for employment is indicated by the fact that virtually all firms interviewed over the last four months expect to make do with the same or less manpower. However, those that are expecting a reduction hope to rely mostly upon natural wastage rather than redundancies.

Capital expenditure is expected, on balance, to remain at about the same level over the next 12 months. But this is in terms of expected out-turn prices: in real terms the balance of intentions is still downward.

Details Page 29

EARNINGS ON CAPITAL

4 monthly moving total — October 1975

Those expecting earnings during current year to:	July-Oct. %	June-Sept. %	May-Aug. %	Apr.-July %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping and Transport %
Improve	30	29	33	33	58	7	15
Remain the same	19	21	18	28	4	1	21
Contract	45	47	46	35	38	66	64
No comment	6	3	3	4	—	26	—

THE LEX COLUMN

Herbert and the taxpayer

For the sum of £25m., the Government could have made a bid for the combined machine tool divisions of Tube Investments, the 600 Group, and John Brown—and valued last year's cyclically high earnings on a multiple of about 7. Instead, it is going to sink this money into Alfred Herbert, and the formal documents published over the week-end confirm that it is unlikely to be enough. The capital injection will only enable it "to initiate" the necessary rationalisation and reorganisation. In order to complete this programme and to start investing in new plant, further sums will be required over and above the £25m. and in excess of anything currently available from alternative sources.

The investment will fund losses which are currently running at an annual rate of over £4m. before interest. It will protect Herbert's creditors, by refinancing short term borrowings which have leapt by nearly £10m. to £17.4m. over the last 12 months. And it will preserve rather more than 5,000 jobs, which is roughly how many will be left after the proposed reduction of about 1,500 in the current workforce. But it is not going to halt the group's continuing contraction.

ALFRED HERBERT (£m.)	1970	1971	1972	1973	1974
Sales	47	38	31	37	39
Exports	10	9	7	9	9
Retentions + depreciation	+1	−3.5	−4.1	−1.0	−3.0
Net working capital	+0.8	−5.1	−5.6	−1.9	0.0
Total debt	15	13	13	11	16
Employees	10,955	9,322	6,985	6,342	6,559

Stagnation

The table gives some idea of the pace at which this has been proceeding in recent years, with sales and exports stagnating in money terms since 1970. Seven years ago, Herbert's turnover was nearly two-thirds the size of the combined machine tool sales of Tubes, Brown, and the 600 Group. Now the proportion has dropped to less than one-third. The group has only survived this long by running down its working capital and by spending next to nothing on fixed assets. To judge by the figure for accumulated depreciation, the average age of its plant and machinery could be something like ten years.

There is no clear evidence to demonstrate that all this elderly plant is of critical national importance. Admittedly there were signs of capacity shortages in 1973 and 1974, when the industry's order books more than doubled. In the preceding years, however, outstanding orders generally represented well under a year's sales even at the peak of the cycle. And at present it seems that large sections of the industry are operating at less than 60 per cent. of capacity.

Of course the trading background has deteriorated substantially since the Government first committed itself to this sum of money in the summer. The new management says, reasonably enough, that no indication can be given of when any dividend will be paid on the new money. But that only makes some official assessment of the taxpayers' investment all the more urgent.

Airfix

Airfix Industries' purchase of a 60 per cent. interest in the Plasty toy manufacturing and importing company in Germany could—to judge by the explanatory circular—add nearly a fifth net of interest to group pre-tax profits, which totalled £2.6m. in the year to last March. Plasty (Airfix's first major overseas acquisition) made £970,000 pre-tax in the 12 months to the end of June, and profits are currently "gently" ahead. About two-fifths of its business comes from distributing Airfix products, and both this deal and a smaller purchase in the U.S. are intended to expand the group's exports, at present 28 per cent. of turnover. Airfix has an option to buy the remaining shares after 1980 on a p/e of five.

The deal has been financed equally via a four-year DM loan and the purchase of currency (outside the premium) with an average interest cost currently of about 11 per cent., and Airfix has paid a sum equivalent to attributable net worth of £1.4m. Plasty itself has net borrowings of £150,000, so the acquisition only accounts for part of the £4.3m. rise in group debt to £9.7m. since the end of March. A seasonal build-up of stocks and debtors has, of course, distorted the pattern, though overdrafts are still likely to be up over the year as a whole. And total borrowings at the end of 1975-76 may be not far from shareholders' funds—£7.4m. last March. The market capitalisation is £9.9m., but any rights issue thoughts may be tempered by the memory of two in the past six years and, in particular, by the fact that the loan stock and warrants issued in 1972 have fallen to less than three-fifths of the issue price.

United Real

In March 1965, the directors of United Real considered putting the company into voluntary liquidation because of the "substantial disparity" between the share price and net worth—a gap of at least 30 per cent. At present the discount is over 40 per cent. on notably cautious external estimates of rent and yield. Ten years ago, the company decided not to wind-up following the introduction of capital gains tax and a downturn in the property market: now, the question would be rather whether it would be possible to sell even a sizeable part of the portfolio in view of the number of large buildings. This has obvious implications for the asset value, which United Real has generally side-stepped—and continues to do so in its latest report—since its last professional valuation was in 1961, while properties are now stated to be worth not less than the 1971 directors' estimate. But the more basic issue concerns what role, if any, there is for a quoted property investment company, with a tiny current development programme, reversions mainly a decade away, a big discount and a negligible yield.

Continued from Page 1

Spanish Sahara

ceeded Spain would use "all the means at its disposal" to repel the invaders. He said a solution could be found within the framework of the UN.

Hitherto Spain has told the UN that it would not permit other countries to interfere in the self-determination process being offered to the Saharan population.

In reversing its policy, Spain is playing for high stakes. King Hassan, by assembling about a third of a million people to march into the territory, has also staked a great deal of prestige on it.

Roger Matthews reports: It is understood in Madrid that the attitude of Algeria has had an important effect in changing the Spanish stance. A member of the country's Revolutionary Council was sent to Madrid last week. He refused to meet the Moroccan and Mauretanian foreign ministers who were there for talks, and warned Spain against taking part in a tripartite deal.

Mr. Driss Slaoui, the chief delegate of Morocco, assured the Council of his Government's wish for a peaceful solution, but he said it could not but be concerned by "aggressive statements" which might serve as a pretext for provocative acts.

He said Spain had adopted a new attitude towards the "Green March," and the Council might well address itself to this situation. Morocco rejected all threats and attempts at provocation, from wherever they might come.

Mr. Abdellatif Rahal of Algeria said his country recognised no claim of sovereignty over the Spanish Sahara, other than that of the population itself. If the Moroccan March were to take place, it would constitute one of the gravest precedents the UN had ever witnessed, and the possible consequences for other African countries were clear enough.

Algeria would know how to meet any threat. It was not prepared to accept any *fait accompli* and would assume its own responsibility if the council and the international community did not assume theirs.

It is suggested that Algeria would consider a parcelling up of the territory between Morocco and Mauretania a "casus belli" with Spain. Algeria may also have threatened to cut off supplies of natural gas to Spain.

Initial reaction in Spain appeared to be one of pride that Spain was no longer "being pushed around by the Moors." But the risks to Juan Carlos's position if the policy turned sour, are obvious.

U.S. ready to build two nuclear plants in Egypt

BY PAUL LEWIS, U.S. EDITOR — WASHINGTON, Nov. 2.

THE U.S. is now hoping to sell Egypt two civil nuclear power reactors. The agreement may be announced here this week as the concluding highlight of President Anwar Sadat's ten-day official visit.

The reactors would have an output of some 600 MW of power each and would be supplied subject to strict safeguards. The Egyptians are reported to be currently studying rival tenders from Westinghouse and General Electric.

The current sale negotiations arise from the offer President Nixon made to supply both Egypt and Israel with civilian power reactors during his Middle East visit in 1974. However, the idea never got anywhere, largely because the Americans insisted that both countries extend the safeguards surrounding the U.S. reactors to all other reactors, regardless of source.

The Israelis felt that was too stringent and the talks with Egypt lapsed too. More recently, however, the U.S. suggested a new agreement to Egypt providing only for American international inspection of American-supplied reactors to ensure they were being used exclusively for peaceful purposes.

Safeguards

The U.S. appears to have changed its stance in large measure because it now believes that other nuclear exporting nations would insist on similar safeguards for any reactors they might supply to Egypt. Next week, the representatives of these countries meet in London to make another attempt to work out standard safeguards for the export of nuclear technology to third countries. France, Germany, Canada, the Soviet Union and Japan will be represented at the talks, alongside Britain and the U.S.

President Ford made the promises of nuclear reactors and increased economic aid when he joined President Sadat at Jacksonville, Florida.

The two leaders held follow-up talks there following their meetings in Washington last week.

Secretary of State Henry Kissinger, who accompanied Mr. Ford, said the agreement now being worked out would prohibit the use of the reactors for even a peaceful nuclear explosion.

Dr. Kissinger said a similar offer would be made to Israel.

David Fishlock adds: Egypt's first atomic power plant will be a 600 MW light water reactor, for a coastal site at Sidi-Creir, about 20 miles West of Alexandria. Westinghouse Electric have tendered with a pressurised water reactor, and U.S. General Electric with a boiling water reactor. The Egyptian Government has chosen Burns and Roe, a U.S. nuclear consulting group, to advise on the project.

The national plan calls for 10,000 MW of nuclear capacity by the year 2000 compared with a total installed electrical capacity — mostly hydro-power from the Aswan Dam—of 4,200 MW to-day.

Government waits for Chrysler move on British subsidiary

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CLARIFICATION OF Chrysler Corporation's intentions for its loss-making U.K. subsidiary is the major item on the agenda for talks which are expected to begin this week between the Government and senior Chrysler executives.

After the speech of Mr. John Riccardo the Chrysler chairman, last week, in which he said that the corporation would consider divesting itself of consistent loss-makers, the British Government is still in a position of not knowing what price the U.S. company would put on staying in the U.K. Although there have been discussions between Chrysler's U.K. subsidiary and the Department of Industry outlining future plans, there has been no formal application so far for Government aid.

On the other hand, Chrysler has recently made no secret of the fact that it feels it deserves help equally as much as British Leyland partly because of its Government-inspired investment at Linwood in Scotland, and partly because it has pushed rapidly ahead with a new and revolutionary workers' participation scheme.

Already the Government is facing considerable pressure from the trade unions and some Left-wing MPs to go to Chrysler's aid. But if the Government answers the call, it will do so against the evidence of over-capacity in the car industry, contained in both the Commons' Trade and Industry sub-committee report on the motor industry and the Think-Tank's report completed recently for the Cabinet.

The Commons committee members have not so far made their position clear over Chrysler. But the message of their report, highly critical of the level of Government support for BL, is that money should only be injected into the industry on a very selective basis, and that Chrysler is possibly too small to survive.

The Think-Tank report, which was prepared jointly with the help of McKinsey, the American consultants, also touches on the over-capacity problem (European capacity, for instance, is due to be expanded at the end of next year by 500,000 cars annually—almost twice Chrysler's size—when Ford's new small car comes on stream) although its main message is that the British problem is productivity rather than investment.

In emphasising poor productivity in Britain, based in particular on an analysis of productivity in Ford's German and U.K. plants, the Think-Tank report takes a diverging line from that of the Ryder Report on BL. It argues that some British plants, such as BL's at Cowley, are easily comparable on an investments basis with more productive factories overseas.

This emphasis clearly gives the Government no grounds to help Chrysler on the basis of the reported new Department of Industry policy of "backing winners."

On the other hand, bits of Chrysler might interest the Government or other buyers. The Avenger lines at Ryton, for example, have relatively modern machinery. And the truck business which employs about 6,000 people, and is largely an assembly operation, buying in 80 to 90 per cent. of its materials, is said to be viable.

Labour MP Mr. Norman Buchan said yesterday that the Government should give Chrysler financial support—but only if the company puts up cash itself.

Weather

U.K. TO-DAY

CLOUDY, with rain at times and strong winds in Northern areas.

London, S.E. England, E. Anglia
Cloudy with rain at times but clear intervals later. Winds southerly fresh to moderate. Max. 12C (54F).

Southern England, the Midlands, E. England, Northern England, N.E. England
Cloudy with rain, becoming brighter and mainly dry. Wind southerly fresh. Max. 11C (52F). Channel Is., S.W. England.

Wales, N.W. England, Lakes
Rain in places becoming brighter. Wind westerly moderate. Max. 12C (54F).

Borders, Edinburgh, Dundee and Aberdeen
Rain becoming brighter. Westerly moderate wind. Max. 10C (50F).

Isle of Man, S.W. Scotland, Cent. Highlands, N. Ireland
Bright or sunny intervals and scattered showers. Wind westerly fresh. Max. 11C (52F).

Outlook: Mostly dry apart from showers and night fog.

Lighting-up: London 17.01, Manchester 17.05, Glasgow 17.05, Belfast 17.16.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsrdm.	C	11	52	Madrid	F	13	55
Athens	S	22	72	Manchstr.	S	11	52
Bahrain	S	30	86	Melbourne	C	14	57
Barcelona	F	14	57	Mexico C.	S	20	68
Beirut	F	24	75	Milan	R	12	54
Belfast	C	8	46	Montreal	C	10	50
Belgrade	S	15	59	Moscow	C	1	34
Berlin	F	8	46	Munich	C	9	48
Birmghm.	S	11	52	Newcastle	S	11	52
Bristol	S	12	54	New York	S	12	54
Brussels	C	12	54	Oslo	C	9	48
Budapest	C	10	50	Paris	C	11	52
B. Aires	S	22	72	Perth	C	19	66
Cairo	S	26	79	Prague	C	5	41
Cardiff	S	11	52	Reykjavik	C	6	43
Cologne	F	13	55	Rio de J'o	C	25	77
Copnhagn.	C	9	48	Rome	S	20	68
Dublin	C	10	50	Singapore	S	29	84
Edinb'gh	F	10	50	Stockholm	C	8	46
Frankfurt	F	12	54	Strasb'rg	C	11	52
Geneva	S	12	54	Sydney	C	18	64
Glasgow	C	9	48	Tehran	S	18	64
Helsinki	S	0	32	Tokyo	C	16	61
H. Kong	S	25	77	Toronto	C	11	52
Jo'burg	C	22	72	Vienna	R	7	45
Lisbon	F	17	63	Warsaw	C	5	41
London	C	12	54	Zurich	C	12	54
Luxembg.	C	10	50				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Algiers	Th	17	63	Las Plms.	F	22	72
Biarritz	C	11	52	Locarno	R	11	52
Blackpool	S	12	54	Majorca	F	13	55
Bordeaux	F	14	57	Malaga	C	18	64
Boulogne	C	10	50	Malta	S	23	73
Casablnca.	C	18	64	Nairobi	S	24	75
Cape Town	S	25	77	Naples	S	19	66
Corfu	F	20	68	Nice	C	10	50
Dubrovnik	S	19	66	Nicosia	S	23	73
Faro	S	20	68	Oporto	C	13	55
Funchal	C	20	68	Rhodes	S	21	70
Gibraltar	F	18	64	Salzburg	C	10	50
Guernsey	S	11	52	Tangier	C	17	63
Innsbruck	C	13	55	Tenerife	C	18	64
Inverness	F	8	46	Tunis	C	22	72
I. of Man	F	11	52	Valencia	S	17	63
Istanbul	F	17	63	Venice	C	17	63
Jersey	S	12	54				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Th—Thunder.

Registered at the Post Office. Printed by St. Clements Press Ltd. for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.